Daily Report

Latin America

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FBIS-LAT-95-220 *15 November 1995*

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Cuban Vice Minister Addresses OLADE Forum

PA1411191395 Havana PRENSA LATINA in Spanish 2051 GMT 11 Nov 95

[Report by Eduardo Rodriguez-Baz]

[FBIS Translated Text] Quito, 11 Nov (PL) — The Latin American Energy Organization (OLADE) will enter a process to revitalize and redefine its continental role so as to attain true energy integration in Latin America and the Caribbean.

This was the challenge taken on by the 25 member countries of this regional organization yesterday, when the 26th edition of the forum, which was founded in November 1973, ended.

In anticipation of the energy integration process, the meeting mainly centered on the internal situation of the organization and on the need to adapt its policies to the new and ever-increasing international reality.

Thus, the meeting's main topic was, undoubtedly, the reactivation of OLADE and, as a result of this debate, the member countries agreed to establish a working commission (an ad hoc committee).

Talking with PRENSA LATINA, Jose Gonzalez, the Cuban vice minister of economy and planning and head of his country's delegation to the meeting, agreed with such an assessment and at the same time expressed confidence in the energy organization's survival.

The vice minister reported that six countries — Costa Rica and Mexico for North and Central America; Venezuela and Brazil for South America; and Trinidad and Tobago and Cuba for the Caribbean — will participate in the mentioned committee.

Gonzalez clarified, however, that the expected integration, which observers believe is a utopia, found a space in the meeting's debates as several representatives presented reports on the issue.

The Cuban delegate asserted that as the meeting evolved, it was evident that many members believe OLADE is currently in a crisis situation. Evidence of this, he said, was the absence of energy ministers at the meeting.

The energy ministers absence shows that there is a marked disinterest and that the organization is failing to meet the expectations of its members, Gonzalez added.

He pointed out that the forum also agreed to reinforce the work of the Control and Follow-up Commission by giving it new duties to make more rigorous the examination of OLADE's internal operations (how the budget is spent, how programs are executed, among others).

As a final assessment, we could say that the organization dealt with an issued that had apparently been underlying for sometime, that is, it took the bull by the horns, and agreed to establish this group, in which Cuba will participate, to find ways to lay the foundations for the future, the representative of the largest of the Antilles said.

Gonzalez believes that the establishment of this working committee will yield recommendations that will force the respective governments to issue definitive opinions regarding OLADE's fate.

He voiced hopes that possible transformations will not change the basic ideas of this continental organization and that Latin American and Caribbean countries will be represented in a group that will work to achieve integration in the energy area.

When asked about the incorporation of the private sector to regional energy projects, a proposal that received overwhelming support during two days of discussions, the Cuban vice minister said that this is a controversial issue.

We would like to things to remain as they are, but the changes that have taken in the area are so strong that it would be very difficult to keep out the private sector, Gonzalez said.

As for the Cuban economic situation, he pointed out that the downward trend is over and a revival is on. As an example, he said that in 1994 the country managed to stop the decreasing GDP and a 2.5 percent is expected this year.

This does not mean that we have completely overcome the crisis, but that we are already starting to do so, the vice minister of economy and planning concluded.

Cartagena Board: Ecuador 'Violates' Property Rules

PY1411203495 Madrid EFE in Spanish 2141 GMT 13 Nov 95

[FBIS Translated Text] Lima, 13 Nov (EFE) — A communique issued today in Lima states that the Cartagena Agreement Board [Junac], seated in Lima, ruled on 9 November that Ecuador violates Junac regulations on industrial property.

The communique states that Ecuador violates regulations foreseen in Decision No. 344 of the Cartagena Agreement — which groups Bolivia, Colombia, Venezuela, and Peru — and the treaty that established the Cartagena Agreement Court of Justice.

Junac established that this violation was perpetrated by the Ecuadoran executive branch when it issued a

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regulation contradicting an Andean regulation and the Andean Court.

The regulation referred to is Decree 1344-A enforced by Ecuador on 21 December 1993, which empowers Ecuadoran officials to grant retroactive protection patents, better known as the "pipeline" [previous word given in English].

In its Resolution No. 23, Junac states that Decree 1344-A violates the "novelty" of Decision 344 on Industrial Property because "the technical state" [estado de tecnica] encompassed in this Junac resolution is not restricted to a single territory and that it is universal.

The "pipeline" allows the granting of patents on products that are in "technical state," that is, that have already been patented or are known in other parts of the world but have not yet been commercially introduced in a given country.

In its ruling, Junac added that it is not right to extend, through the "pipeline" principle, the benefits of a patent for a period of 20 years — or for a period to complete this term — on products that are not new.

As for the argument that Junac decisions allowed countries to strengthen or extend their industrial property rights, Junac said that "In no way whatsoever does this freedom presuppose the violation of Junac regulations."

South American Transport Ministers Meet in Santa Cruz

PY1411165095 Madrid EFE in Spanish
0334 GMT 14 Nov 95

[FBIS Translated Text] Santa Cruz, Bolivia, 13 Nov (EFE) — Seven South American countries' transport ministers meeting in Santa Cruz today agreed on the first concrete details to face an ambitious multinational highway project that will inter-connect the Atlantic and Pacific Oceans.

The ministerial meeting started on 13 November with the presence of Bolivian President Gonzalo Sanchez de Lozada and Paraguayan President Juan Carlos Wasmosy, who urged participants "to carefully analyze the most feasible, the cheapest, and the most opportune proposal" to connect their respective countries.

The details of the agreement, the bases of which were initially discussed during the first day of the fourth meeting this year between the Argentine, Bolivian, Brazilian, Chilean, Paraguayan, Peruvian, and Uruguayan transport ministers, will be discussed on 14 November at the end of the meeting presided over by Bolivian Economic Development Minister Jaime Villalobos.

The meeting began today at the Santa Cruz Regional Development Corporation headquarters. At work are two commissions created for that purpose and conclusions will be reviewed during another meeting in Asuncion (Paraguay) in the next few days, Villalobos said.

Before the commissions began their work, each minister talked about road construction in his respective country within the framework of the bi-ocean inter-connection, a desire that will be jointly dealt with as of this year.

Villalobos said that the initial debates confirmed the willingness of the Brazilian and Chilean governments to face their share of the road construction programs with their own resources, which will help the Bolivian and Paraguayan negotiations before international organizations in terms of financing road construction.

Chile's public works minister, Ricardo Lagos, announced that his government is willing to build the section of the multinational highway in its territory on its own, expressing his preference for a link connecting northern Chile, southern Bolivia, northern Argentina, the center of Paraguay, and the southeastern portion of Brazil.

Paraguayan President Wasmosy expressed support for the Chilean initiative because the proposed path was "shorter and more convenient," but ministers made clear that they will study and choose a route that will be acceptable to everyone.

The meeting will conclude tomorrow. Attending are the public works ministers of Chile, Paraguay, and Uruguay — Ricardo Lagos, Carlos Facetti, and Lucio Caceres, respectively; Juan Castilla Mesa, Peruvian transport, communications, housing, and construction minister; and Alberto Cruz, Argentina's public works under secretary.

Representing Bolivia, in addition to Minister Villalobos, are Transport Secretary General Alfonso Kreidler and officials from the National Roads Service.

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Cuba

Vice President Fernandez Visiting Spain

PA1311154895 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Nov 95

[Report by Anabelle Fontanella; from the "Evening Information Review" newscast]

[FBIS Translated Text] From our diverse monitoring today, we have gathered reports dealing with the Cuban reality and the solidarity with our people throughout the world. The visit that Vice President Jose Ramon Fernandez is making to Spain has had great repercussions, as we have confirmed in the Spanish television media, which has covered his visit to Galicia. The Cuban leader's statements to the local media in Santiago de Compostela were carried live today. He reiterated the Cuban Government and people's gratitude to the expressions of solidarity from Spain. He also praised the good development of bilateral relations. We give you the details in this regard this evening:

[Begin recording] [Fernandez] We respect and are very grateful for Spain's position at the Bariloche summit as well as for Spain's attitude with regard to Cuba's efforts. Relations are very good. We value this highly.

[Unidentified reporter] Jose Ramon Fernandez has taken advantage of the meeting early this afternoon with the Galicia Government President Manuel Fraga to reiterate the Cuban Government's recognition of the [word indistinct] denunciation of the blockade in 1992 during his visit to the Caribbean island.

[Fernandez] We are grateful to Don Manuel for his denunciation of the imperialist — as he, on some occasions, has described it — blockade and his understanding of our situation. [end recording]

That was Vice President Jose Ramon Fernandez who is visiting Galicia. Those were statements carried live by the local television.

Taladrid Visits Mexico, Explains Foreign Investment Law

PA1411151695 Havana Radio Rebelde Network in Spanish 1800 GMT 9 Nov 95

[From the "National Radio News"]

[FBIS Translated Text] Raul Taladrid, Cuban vice minister of Foreign Investment and Economic Cooperation, told more than 100 entrepreneurs in Mexico that the island's interest in attracting investments is permanent and independent of the difficulties of the past few years.

When presenting the new investment law Taladrid said that up to now foreign contributions have amounted to $2.1 billion and there are 200 economic associations covering 34 branches of the Cuban economy. These are mainly mining, oil exploration and exploitation, construction, and building material industries, and lately, a greater dynamism has been noted in the agriculture sector.

The vice minister also referred to the legal guarantees offered to investors, similar to those usually afforded by other countries, such as full protection, compensation at the end of the association term, and the option for the foreign partner to sell out at any time.

Minister, Iranian Ambassador Discuss Economic Cooperation

LD1511113295 Tehran IRNA in English 1110 GMT 15 Nov 95

[FBIS Transcribed Text] Tehran, Nov. 15, IRNA — Consolidation of Tehran-Havana economic cooperation was reviewed in a meeting between Iranian Ambassador to Cuba Masud Edrisi and Cuban Minister of Economy and Planning Jose Luis Rodriguez on Tuesday.

The two sides also discussed the upcoming trip to Cuba of Iranian commerce minister, Yahya ol-Eshaq to be held in a near future.

The Cuban minister announced his country's readiness to expand bilateral economic cooperation in non-oil goods.

He called for using Iranian experiences in restructuring Cuba's economy.

Haiti

Aristide Declines To Change Call for Disarmament

PA1411235595 Port-au-Prince Signal FM Radio in French 1130 GMT 14 Nov 95

[From the "Waking Up" newscast]

[FBIS Translated Text] Let me inform you that Haitian head of state Jean—Bertrand Aristide met with the special representative of the UN general secretary for Haiti. The discussions turned on the current situation of the country, especially the disarmament process.

Before this meeting between President Aristide and Lakhdar Brahimi, the head of the executive met at the National Palace with Haitian journalists. Asked about a possible call for calm to the population, the head of state said he had nothing to change in his speech.

[Begin Aristide recording, in Creole] I do not have another message. I have the same message, which is still based on order, discipline, and law, which is, first, disarmament must be done along with the Haitian

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police, who will receive information and support from the Haitian people and assistance from the international community, but all that with order and discipline. [end recording]

About the sometimes violent searches made by members of the people's organizations, Mr. Aristide admitted that infiltrations are possible. He, however, explained that it is up to the police to coordinate those operations.

[Begin Aristide recording, in Creole] It is possible that there may be infiltrations. It is possible that there will be misdemeanors. It is possible that there will be provocations. We never accept any of those. Always in order and discipline, the police will receive information and support from the Haitian people and assistance from the international community, and all that with order and discipline. [end recording]

Mr. Aristide made these statements at the conclusion of the ceremony for the presentation of the credentials of the new Brazilian ambassador to Haiti, Mr. (Antonio Ferera De Rucha).

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Finance Secretary Presents 1996 Draft Budget

PA1411215195 Mexico City XEW Television Network in Spanish 2017 GMT 14 Nov 95

[From the "24 Hours" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz Martinez today presented to the deputies the draft of the 1996 budget, the revenue bill, and the guidelines for the economic policy. There are two key figures: 2 percent, the economic growth, and 20 percent, the inflation rate.

Ortiz presented to the plenum of the Chamber of Deputies the federation's draft revenue bill and the projected expenditures for 1996. He gave a speech explaining President Zedillo's economic policy objectives for next year. Ortiz told deputies Mexico will overcome this new episode of instability, because we have a solid economic program:

[Ortiz] "It must be admitted that the recent financial and monetary instability has caused new discouragement among Mexicans and has undermined their confidence. Notwithstanding, just as in March, we will overcome this episode of instability. Then, recovery will be guaranteed, because the economic program has solid bases that are not linked to the speculation that has been observed. The foundations of our economy are much more healthier than they were a year ago. For this reason, I want to emphasize that speculators will not make us change our course, because that would be tantamount to playing their game and endorsing the climate of uncertainty they have been sowing lately."

Ortiz insisted that the greatest volatility observed in the financial markets lately does not imply there is an economic unbalance preventing us from reaching the goals established by the Alliance for Economic Recovery, ARE. He said speculative attitudes will decrease as the key pieces of the economic program fall into place. He announced:

[Ortiz] "To alleviate the deterioration the temporary increase can cause to families and debtor firms, we will immediately reinforce the programs to support debtors created by the banks with the backing of the federal government. These measures include an increase in the ceilings of programs to reorganize credits in UDI's, [investment units] including those in foreign currency."

The objectives of the economic policy for 1996 the finance secretary highlighted include:

[Ortiz] "Reactivation of the economy, the promotion of jobs, the consolidation of the stability of financial markets, and the reduction of the inflation rate."

He said it is possible to begin a phase of healthy growth with the modifications made under the conditions of our economy. The finance secretary announced among other objectives:

1) A growth of at least 3 percent is being proposed.

2) A reduction in the inflation rate of approximately 20 percent.

3) The floating of the exchange rate will be maintained.

4) Private consumption will be promoted with gradual employment.

5) Private investment will be benefited by a package of fiscal measures that are a significant incentive. It also will be benefited by a drop in interest rates and the reorganization of past due portfolios.

6) The banking system will be strengthened in order to have more credits.

7) The profitability of sectors that are traditionally restricted because of excessive regulations will be increased.

8) The export sector will continue being the most dynamic sector in the economy.

9) Public finances will become a mechanism of support for recovery. In this area, the federal government will save to keep a balanced budget.

10) Tax policy and public spending will be aimed at encouraging productive investments that are a priority.

11) Regarding social policy, he announced the promotion of temporary jobs in the construction of rural roads and the expansion of training programs.

12) The basic needs of individuals who live in extreme poverty will be taken care of.

13) A basic health package for the poor will be promoted.

He maintained that in the face of the crisis, the government implemented a program that in its first stage eliminated the threat of a debacle that would have paralyzed the country.

He noted how carefully, but with determination, and aware of his responsibility, President Zedillo established guidelines that will allow Mexico to overcome shortly the great obstacles we are facing.

The finance secretary spent more than two hours at the Chamber of Deputies. He will return on 17 November to answer questions from the deputies on the 1996 budget.

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More on Presentation of Draft Bill

PA1511033695 Mexico City Radio Red Network in Spanish 0000 GMT 15 Nov 95

[Report by Rafael Herezano from the San Lazaro Legislative Palace; from "The Night Monitor" newscast]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz Martinez came to the Legislative Palace today. He came to present the draft of the 1996 budget, the guidelines for the general economic policy for 1996, and the revenue bill. Ortiz Martinez emphasized that the government of the Republic had introduced a program to confront the crisis. The main objective of the first phase of the program, he said, was to eliminate the threat of a debacle that would have paralyzed the country for a long period. It also furthered the recovery of Mexicans' confidence and urged that they close ranks behind the government's short-term objective: Economic recovery with the generation of jobs.

This was the finance and public credit secretary's exhortation. Let us hear a few excerpts of his speech:

[Begin Ortiz Martinez recording] Economic reactivation is the only option that ensures the goal of achieving the permanent increase of the population's well-being. Only with economic growth is it possible to offer, in a sustained and responsible manner, more jobs, better wages, and assign more resources to the least-protected sectors. Thus, according to the program that the government plans to implement in 1996, the economy will grow at least 3 percent. [end recording]

Ortiz Martinez also said economic recovery is guaranteed because the economic program has solid bases that are not linked to the speculation that has been observed. In this respect, he observed that the bases of our economy are much healthier than a year ago. For this reason, he emphasized, speculators will not make us change our course because this would be tantamount to playing their game and endorsing the climate of uncertainty they have been sowing lately.

[Begin Ortiz Martinez recording] I want to reiterate that the furtherance of the economic recovery depends on having greater stability. For this reason, the strategy gives emphasis to a framework that will provide stability and decrease inflation. The latter, due to its nature, primarily hurts workers because it erodes the effectiveness of their wages. That is why the program should trigger an inflation reduction of approximately 20 percent in 1996. [end recording]

He mentioned that having concluded the first phase of the economic program, which included the hardest part of the adjustment mechanisms, they now have to promote an economic policy to ensure conditions for a solid recovery. The program, which will guide the actions to be implemented next year, has the following objectives:

1. Reactivation of the economy.

2. The promotion of jobs.

3. The consolidation of the stability of the financial markets, and

4. The reduction of the inflation rate.

He also referred to monetary policy:

[Begin Ortiz Martinez recording] Regarding monetary policy, the Bank of Mexico will announce shortly a program to achieve our objective on inflation. As for exchange policy, the provision of [words indistinct] to the type of exchange. This type of provision complies with the objective of ensuring the competitiveness of our productive sector. [end recording]

I also report that, while Finance Secretary Ortiz Martinez spoke, you could hear the voice of a woman in the room. She was holding a small, homemade sign on which you could read: Scoundrels are those who give themselves four months of bonus payments. The poster refers to reports, which are circulating in high government spheres, that upper-level government officials will receive a juicy and substantial four-month bonus at the end of the year and a considerable wage hike for 1996.

When this event occurred, Guillermo Ortiz Martinez got red in the face and stopped reading until the woman — she is a Labor Party adviser known by her nickname, La Colorina, in reference to the color of her hair — sat down.

The interruptions suffered by the Finance Secretary today, are but a small example of what will happen at next Friday's session. Ortiz Martinez will come here next Friday to answer questions posed by deputies from all the parties. All sorts of things will surely happen during that meeting. PRD [Party of the Democratic Revolution] Deputy Armando Quintero — he is the one that went on a hunger strike some time ago — also got up and held up a rather large poster that demanded wage hikes. This is the report on the finance secretary's visit to the Legislative Palace.

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Secretariat Asks Canada To Explain Alleged Espionage

PA1411150295 Mexico City XEW Television Network in Spanish 0400 GMT 14 Nov 95

[Report by Jacobo Zabludovsky; from the "24 Hours" newscast]

[FBIS Translated Text] [Zabludovsky] It has been revealed that the telephones of Mexican officials were bugged during the NAFTA negotiations among Canada, Mexico, and the United States:

[Begin unidentified reporter recording] Canada has spied on friendly countries such as Mexico, South Korea, and Japan, a former agent of the communications and security institution [Institucion de Seguridad y Comunicaciones — CEC] [name and acronym as heard] has stated during an exclusive report aired by the Canadian CTV network.

Jane Shorten, who served as an analyst at the institution, realizes that her statements could lead to criminal charges under the Official Secrets Act. She, however, insisted that it is time for Canadians to learn what the CEC does.

Shorten said that it spied on the Mexican trade representative during NAFTA negotiations. She explained that although she did not participate in that mission, she remembers having seen the corresponding briefs, and insisted that her colleagues, who specialize in the Spanish language, worked day and night in that project.

Last year former agent Mike Frost published a chronicle on his experiences in which he assured that Canada exchanges information and missions with the United States and England. He added that thanks to its eavesdropping [tele escucha] abilities, Canada was able to learn about and improve on U.S. offers, and thus, it won multimillion dollar contracts to sell wheat to China and Mexico. [end recording]

[Zabludovsky] On the evening of 13 November, the Mexican Foreign Secretariat, via its embassy in Ottawa, presented a diplomatic note to the Canadian Government. In it, the Mexican Government voiced its surprise and concern over the report on espionage on telephones of Mexican officials. The Mexican Government asked the Canadian Government for an official confirmation on the veracity of this news.

Roundup of Economic Developments Through 13 Nov

PA1311233395

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 13 November.

Reports issued by the Bank of Mexico (Banxico) indicate that in addition to the liquidation of Tesobonos (Treasury Bonds), this year foreign investors have withdrawn $2 billion which had been placed in bonds issued by the federal government. Foreign investment in government domestic debt securities amount to $6 billion. Practically none of the foreign investors who at the end of 1994 held government securities, mainly Tesobonos, decided to transfer their capital to any of the many instruments offered by the Mexican financial system. Once these matured and were redeemed, the funds were withdrawn from the country. It is estimated that the withdrawal of foreign investments in government securities will reach $30 billion in 1995. (Mexico City LA JORNADA in Spanish 4 Nov 95 p 43)

German Gonzalez Quintero, president of the Confederation of National Chambers of Commerce, Concanaco, has said 80 percent of private commerce is barely surviving and 40 out of every 100 companies in this sector are not paying their taxes or other obligations, such as social security, "because they simply do not have funds and face the dilemma of either paying their taxes or their payroll." As a result, he said they have been forced to negotiate with the authorities the deferment of their payments. (Mexico City LA JORNADA in Spanish 6 Nov 95 pp 1, 48)

As a result of last week's devaluation of the peso against the dollar, the country's foreign debt increased by 55.350 billion new pesos. According to reports of the Finance and Public Credit Secretariat and the Mexican Securities Exchange, the foreign debt of the public and private sectors — estimated at $123 billion — went from its national currency equivalent of 853.620 billion new pesos to 908.970 billion new pesos between Monday, 30 October, and Friday, 3 November. (Mexico City LA JORNADA in Spanish 6 Nov 95 pp 60, 48)

According to Jose Humberto Torres, executive president of the Petromex company, of the 10 petrochemical complexes to be sold by Mexican Petroleum, Pemex, only four are considered profitable: Morelos, La Cangrejera, Tula, and Escolin. He said his company is interested in the Tula, Salamanca, and San Martin petrochemical plants. (Mexico City EL FINANCIERO in Spanish 6 Nov 95 p 25)

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Pemex announced that its revenue from domestic and foreign sales of petroleum and its byproducts amounted to $17.329 billion in the first nine months of the year, according to a 7 November report datelined Mexico City. Exports amounted to $6.469 billion, equivalent to a $1.1 billion increase compared to the same period last year. Pemex indicated that the increase in export revenue was essentially due to the increase in international oil prices. From January to September, Pemex paid the government $11.015 billion in direct and indirect taxes. The financial report added that operation expenses reached $5.128 billion and that pretax profits were $12.200 billion. (Madrid EFE in Spanish 2111 GMT 7 Nov 95)

Research by the Economic Analysis unit of EL FINANCIERO, on the basis of Banxico figures, indicates that in only nine days, 40 percent of the money which had been withdrawn from circulation as a result of the government's monetary policy in January, returned to the Mexican economy. The amount of bills and coins held by the public increased 4.763 billion new pesos from 25 October to 3 November. The 10.6 percent increase in the monetary base began the day in which the U.S. dollar exchange rate surpassed the barrier of seven new pesos after seven months. This increase in money in circulation was basically due to speculative purchases of dollars in the exchange market. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 7 Nov 95 p 3A)

The National Institute of Statistics, Geography, and Information Science yesterday reported that during the first eight months of 1995, the country's mining-metallurgic production accumulated an annual percentage rate of 11.6 in comparison with the same period in 1994. According to figures released by the mining-metallurgic industry for the January-August period, the production of lead registered an accrued annual rate of 17.1 percent and copper, an 8.3 percent. In contrast, the production of zinc dropped by -6.3 percent. Coal and coke showed positive results with annual accrued growth rates of 7.5 and 5.1 percent, respectively. The production of iron dropped by -2.7 percent. With regard to non-metallic minerals, fluorite and sulfur registered positive growth rates of 57.7 and 0.6 percent, respectively, while the production of limestone dropped by -4.5 percent. The production of gold showed an annual growth of 45.4 percent and silver increased by 9.8 percent. (Mexico City EL FINANCIERO in Spanish 7 Nov 95 p 26)

Banxico has reported that our country "has met the IMF goals established up to September," indicating that the net domestic credit was reduced by 8.51 billion new pesos during the first three quarters and that the net international reserve only dropped by $271 million during that time. Explaining the reason why this information differs from the weekly data put out by Banxico, it noted that "the change in figures is a result of the international method the IMF follows." Banxico traditionally figures the net domestic credit as the difference between the monetary base and the international reserves. Consequently, following the Banxico definition, the net domestic credit was reduced by 48.311 billion new pesos. In addition, Banxico reported that the balance of government securities in circulation dropped by 89.084 billion new pesos between 31 December 1994 and 31 October 1995, which represents a drop of 89 percent in nominal terms. During that same period, the domestic public debt in local currency went from 234.606 billion new pesos to 145.522 billion new pesos, a reduction that is explainable by the amortization of Tesobonos, of which there are only 13.7736 billion new pesos pending payment to their bond holders. Banxico also reported that the international reserve balance amounts to $13.496 billion. (Mexico City EL FINANCIERO in Spanish 7 Nov 95 p 8)

Within the context of a crisis that becomes evident in a drop of over 15 percent in the country's national savings and in greater risks taken in the granting of credits, 17 of the country's 20 main financial groups saw a reduction of 31.4 percent in their net profits from January to September 1995, in comparison with the same period in 1994. According to reports by the Mexican Stock Exchange, the overall profit figure for these 17 financial groups was 1.8034 billion new pesos up to September, which meant a drop of 825.2 million new pesos with regard to the profits obtained in the third quarter of 1994. Of the 17 groups that presented their balance sheets, nine reduced their profits, three registered losses, and five increased their profits. The Bancomer Group — the second most influential group in the country — registered a 58.95 percent drop. Its profits went from 420.3 million new pesos in September 1994 to 172.5 million new pesos in September of 1995. Right behind the Bancomer Group follows the Banamex-Accival Group whose profit figure dropped from 862.7 million to 560.2 million new pesos, a 35.07 percent. The financial group showing the greatest deterioration was Finamex with a 89.76 percent drop, followed by Bital with 83.98 percent, GBM-Atlantico, with 74.97 percent, Inverlat with 63.96 percent, Profin, with a 62.73-percent drop, the Bancrecer Financial Group with 49.13 percent, and Serfin with 47.32 percent. The financial groups that closed the third quarter with losses were: Interacciones with 138.2 million new pesos, Multivalores with 30.2 million new pesos, and Invex with 26.7 million new pesos. The financial groups that successfully weathered the crisis include Inbursa, which

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almost tripled its net profit with a 177 percent; GFNorte with an increase of 21.57; Abaco with 13.51 percent; GFInver with 5.46 percent, and the Ixe Financial Group which reported profits for 241,000 new pesos. (Mexico City LA JORNADA in Spanish 7 Nov 95 pp 1, 50)

Salvador Lopez Negrete, president of Mexico City's National Chamber of Commerce, has stated that the consumption of basic products has decreased by 15 percent and "this is worrisome because it shows the limit that the Mexicans' purchasing power is reaching." (Mexico City LA JORNADA in Spanish 7 Nov 95 p 45)

Banxico has reported that the 28-day Treasury Certificates (Cetes) went up by 10.87 percent when their annual figure went up to 54.24 percent. This is the biggest increase in the past six months. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 8 Nov 95 p 5A)

Genaro Borrego Estrada, director of the IMSS, Mexican Social Security Institute, has disclosed that of the 8.5 percent currently represented by the worker-employer dues to the IMSS, 4 percent will be allocated to unforeseen expenses (doctor and hospital fees), while the other 4.5 percent, along with 2 percent from the Retirement Savings System, 5 percent from the Institute of the National Fund for Workers Housing, and a new peso allocated by the federal government every day, will be channeled into the pension fund. Borrego Estrada added that the main advantage of this pension fund will be the individualization of accounts. (Mexico City EL FINANCIERO in Spanish 8 Nov 95 p 22)

The overdue portfolio of a sample of the 14 most representative banks of the Mexican banking system, including Atlantico, Banamex, Bancomer, Banco Obrero, Bancrecer, Banoro, Banorte, Banpais, Bital, Confia, Mercantil, Mexicano, Promex, and Serfin, increased by 88.58 percent between September 1994 and September 1995. Even though the growth pace of the overdue portfolio contracted during the past quarter as a result of measures to restructure the debts and the implementation of the Agreement for Immediate Support to Bank Debtors, ADE, it continues to be "the main problem of the Mexican banking system." This group of banks registered an overdue credit balance of 69.184 billion new pesos, which against the current credit portfolio of 422.428 billion new pesos, indicates that the rate of overdue payments reached 16.4 percent. This indicator is fourfold the international average for low credit performance, which amounts to 4 percent in the current portfolio, and eightfold the "deemed desirable" international average of 2 percent, thus confirming the great vulnerability of the banking system, despite the substantial assistance packages received. (Mexico City EL FINANCIERO in Spanish 8 Nov 95 p 8)

According to a report by the Bank of Mexico, the auction of CETES, Treasury Certificates, registered a major increase in the yield of CETES for the 28- and 91-day maturity dates. The maturity date for the prime rate, that for the 28—day CETES, registered the substantial increase of 10.87 percentage points, amounting to 54.24 percent, while 91-day CETES registered an increase of 7.57 points, amounting to 51.99 percent. These maturity dates surpassed the expectations of economists as they had predicted an increase of at least 5 percent in the prime rate. This is the sixth consecutive week the CETES yield has registered an upward trend, and the fifth week that maturity dates for six- and 12-month CETES have not been available. (Mexico City Radio Red Network in Spanish 0000 GMT 8 Nov 95)

Juan Elek, president of the Mexican Businessmen's Council for International Affairs, stated today that "despite the economic setbacks, Mexico's exports have increased almost 40 percent, amounting to $150 billion." (Mexico City XEW Television Network in Spanish 0400 GMT 9 Nov 95)

The restructuring of debts in overdue portfolio only registered a 14-percent progress in October and the first week of November, which contrasts with the 46-percent progress registered from 11 to 27 September, the initial period of the implementation of the ADE. Data from the National Banking and Securities Commission points out that up to 6 November, 1,266,594 million credits had been restructured within the framework of the ADE, which represents 60 percent of the 2.11 million credits expected to be restructured. (Mexico City EL FINANCIERO in Spanish 9 Nov 95 p 6)

An 8 November, Mexico City-datelined item cites Adrian Lajous Vargas, general director of Pemex, stating today that "current reserves of natural gas will enable Mexico to become, in the coming years, a net exporter of this hydrocarbon." Lajous remarked that currently, 3.7 billion cubic feet of natural gas are produced in Mexico per day, which makes Mexico a market of respectable dimensions and of enormous growth potential. The official explained that "only this year, Pemex plans to boost its capability to produce natural gas by 700 million cubic feet a day." Lajous stressed that demand for natural gas will substantially increase in the coming years due to the need to replace fuels with this hydrocarbon to meet new pollution standards. "In the past nine months of 1995, sales of industrial fuels registered a 9.4-percent drop, whereas sales of natural gas registered a 10.4-percent gain, which confirms the switch

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from fuels to natural gas," Lajous emphasized. (Mexico City NOTIMEX in Spanish 0117 GMT 9 Nov 95)

According to a Monterrey, 9 November-datelined item, the economic policy implemented by the government of President Ernesto Zedillo will reduce the country's foreign debt to $87 billion by the close of 1995, official spokesman Alejandro Valenzuela has said. The official, who participated in a meeting to assess the ARE, noted that the new public debt will be $20 billion lower than in December 1994 when it was over $106 billion. Valenzuela added that $29.2 billion of that debt is in the form of Tesobonos. (Mexico City NOTIMEX in Spanish 0047 GMT 9 Nov 95)

According to an Acapulco, 9 November-datelined item, a 3 percent growth rate in 1996 will require a 20 percent growth in exports, Commerce Secretary Herminio Blanco said today. During the inauguration of the third Mexican Foreign Trade Congress, he said that in 1995 manufacturing exports grew by 48 percent, the agricultural sector increased sales by up to 65 percent, and the mining industry increased sales by 63 percent. Blanco pointed out that NAFTA and the free trade agreement with Chile led to a 30-percent increase in exports and an 18-percent increase in trade with Canada. He added that trade with Costa Rica and Colombia grew by 50 percent, with Venezuela by 90 percent, and with Bolivia by 65 percent in 1995. (Mexico City NOTIMEX in Spanish 2045 GMT 9 Nov 95)

Banxico reported on 9 November that inflation in Mexico grew by 2.06 percent in October in comparison to September, and it added that the national consumer price index grew by 43.63 percent during the first 10 months of 1995. Banxico stated that inflation between October 1994 and October 1995 is 45.66 percent. The highest inflation rates were registered in Monclova, Coahuila State; Matamoros, Tamaulipas State; and Acuna, Coahuila State. (Mexico City NOTIMEX in Spanish 2240 GMT 9 Nov 95)

As of 8 November, the surcharge on credit that the National Foreign Trade Bank grants to direct exporters will drop by 50 percent and to purveyors of exporting companies by 30 percent. Importers of capital goods and inputs for exporting companies will also benefit. They will pay 2.5 percent over the bank's service charges plus .5 percent, bank Director General Enrique Vilatela Riba has announced. The surcharge for direct exporters will drop from 5 to 2.5 percent and from 5 to 3.5 percent for indirect exports. This is a reduction of about 30 percent. (Mexico City EL FINANCIERO in Spanish 9 Nov 95 p 20)

According to a Madrid, 10 November-datelined item, Servicios Metropolitanos de Mexico, Sevimet, and Equipamientos Urbanos de Mexico today signed an agreement to supply and operate transportation vehicles for the Mexican capital. The latter, which is a Spanish-Mexican company, also won an administrative concession to build, install, maintain, and exploit 2,200 billboards located at bustops. This contract involves an investment of about $15 million in two years. (Mexico City NOTIMEX in Spanish 1507 GMT 10 Nov 95)

Labor and Social Welfare Secretary Javier Bonilla Garcia on 10 November reported that consumer prices have increased by 2 percent per month in September and October. Bonilla Garcia explained this percentage is much lower than in recent months, for example in April, when prices increased by 8 percent. (Mexico City XEW Television Network in Spanish 0400 GMT 11 Nov 95)

At the close of the third quarter of 1995, the indicators of the Mexican banking system continue to reflect a severe economic recession. The profitability index of bank assets dropped from 1.10 in September 1994 to 0.4 percent in September 1995, while the profitability of capital dropped from 24.99 percent in September 1994 to 6.1 percent in September 1995. (Mexico City EL FINANCIERO in Spanish 10 Nov 95 p 6)

Economic analysts from the main credit institutions of the country have estimated that a resource flow of $1.2 billion is required for compensating the lack of liquidity in the financial market for the last quarter of 1995. According to Banxico, from January to 3 November, foreigners holding government securities have been reduced by 62.71 percent, while these have increased by 123.91 percent in the banking sector. (Mexico City EL FINANCIERO in Spanish 10 Nov 95 p 4)

Genaro Borrego Estrada, director general of the Mexican Social Security Institute (IMSS), on 9 November reported that for the first time since the IMSS was founded 52 years ago, the federal government will contribute 30 percent of the resources this institution manages. Borrego made the announcement when President Ernesto Zedillo sent a draft bill to Congress for reforming the social Security Law. (Mexico City LA JORNADA in Spanish 10 Nov 95 pp 68, 22)

Jaime Zabludovsky, undersecretary for international trade negotiations and foreign investment of the Secretariat of Commerce, has reported to Third Mexican Foreign Trade Congress that direct foreign investment so far in 1995 amounts only to $3 billion in spite of the fact that projects in foreign capital have been registered for $9 billion. (Mexico City LA JORNADA in Spanish 10 Nov 95 p 50)

So far in the current six-year period, family basket prices have increased 64.3 percent, while salaries have

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only increased 19 percent, according to a document drafted by the Labor Congress, CT, which said salary increases should at least be 100 percent. (Mexico City LA JORNADA in Spanish 10 Nov 95 p 51)

Mexico's cellulose and paper production has risen a combined 17.4 percent during the first six months of the year thanks to higher international prices and a growth in exports, according to the National Cellulose and Paper Chamber. Pulp production grew 24.3 percent while that of paper grew 10.5 percent. The reduction of tariffs as a result of NAFTA has led to an increase in paper exports. (Mexico City EL FINANCIERO in Spanish 10 Nov 95 pp 4a, 4b)

The National Institute of Statistics, Geography, and Information Science, Inegi, announced on 9 November that industrial production suffered an accumulated reduction of 7.6 percent between January and August of this year. Manufacturing fell 6.5 percent. Inegi reported that except for the 3.8-percent increase in the generation of electricity, gas, and water, the other sectors of industrial production reported a drop during the first eight months of the year. Mining activities dropped 0.3 percent in real terms while the construction industry experienced a 19.9-percent reduction. (Mexico City EL FINANCIERO in Spanish 10 Nov 95 p 27)

Banxico has reported that the inflation rate increased 2.06 percent in October 1995 and accumulated inflation for the year is 43.63 percent, which means the government's goal of 42-percent inflation for the year has already been surpassed. (Mexico City EL FINANCIERO in Spanish 10 Nov 95 p 21)

An 11 November, Mexico City-dateline item reports that Mexico's trade balance in September registered a surplus of $909 million, compared to a deficit of $1.532 billion reported during the same period in 1994, the Finance Secretariat reported on 11 November. (Mexico City NOTIMEX in Spanish 0034 GMT 11 Nov 95)

According to a 12 November, Mexico City-datelined report, Mexico will have $14 billion in credit to promote exports, according to Enrique Vilatela, director of the National Foreign Trade Bank of Mexico. He said this is a 30-percent increase over the amount available in 1995. (Mexico City NOTIMEX in Spanish 2254 GMT 13 Nov 95)

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El Salvador

President Issues Orders To Stop 'Fiscal Harassment'

PA1411172995 San Salvador LA PRENSA GRAFICA in Spanish 10 Nov 95 p 7A

[Report by Luis Lopez Portillo]

[FBIS Translated Text] President Armando Calderon Sol admitted yesterday the existence of "fiscal harassment" against private enterprise and said he had instructed the Finance Ministry to stop furthering the arbitrary and inflexible actions reported recently by the country's four main business guilds.

Sources told LA PRENSA GRAFICA yesterday, that the presidents of the National Association of Private Enterprise, the Salvadoran Industrialists Association, the Salvadoran Foundation for Economic and Social Development, and the Chamber of Commerce and Industry had sent Calderon Sol a complaint letter and requested he stop the "fiscal harassment" by the Internal Taxes General Directorate, DGII, [Direccion General de Impuestos Internos] inspectors. The businessmen charged that the inspectors commit arbitrary actions, are inflexible, and exhibit a "persecutory behavior" in their tax inspection assignments.

Calderon Sol said government accountants, who have applied the law improperly, are being investigated and that his government will not permit actions that foster dissatisfaction, opposition, and fear in the private sector.

The president added that there are people in the Finance Ministry, "who assume such arbitrary attitudes with some type of political interest." He added: "I have instructed the Finance Minister to stop them and to suspend this type of actions... and, contrary to this, to promote actions that will generate confidence in the private sector."

Finance Minister Manuel Enrique Hinds called to an emergency news conference and also admitted that the private sector's complaints were valid. He said ministry personnel had misinterpreted the law and also, that the law itself has a flaw as it strongly emphasizes formal obligations and sets fines that are too high.

"Sometimes the formal requirements do not make much sense," the minister stated. He also announced that a joint commission, with representatives from the finance ministry and the private sector, will meet next week. This commission will discuss and propose reforms to the tax laws to adjust them to the government's modernization process.

Hinds acknowledged the arrogance and excessive zeal of some of the inspectors and admitted that the law is not very suitable. "We have to reform the law," the minister stated. Hinds advanced that he will impress his personnel to interpret the law in the most rational manner possible. "Until we are able to change the law, we have to make more flexible its implementation to make it more reasonable," he asserted.

The official said the fines for not complying with the requirements will be upheld but will be reduced. "We have to change the philosophy of the law that assumes there is tax evasion if formalities are not met," he added.

Legislative Assembly President Gloria Salguero Gross also admitted that DGII accountants commit "abuses" and "are making the government look bad." After the inauguration of the Cattle Fair in San Miguel yesterday, Salguero Gross said she was against this "fiscal harassment" and added that the arbitrary actions have been committed by mid-level personnel.

Deputy Economy Minister Views NAFTA 'Parity'

PA1411201395 San Salvador LA PRENSA GRAFICA in Spanish 12 Nov 95 p 9A

[Article by Deputy Economy Minister Rene Leon: "A Requiem To NAFTA Parity?"]

[FBIS Translated Text] During this past week it has been confirmed that the U.S. Senate did not include legislation in the U.S. budget that would allow Central America and the Caribbean to export to that country's market textile products and clothing under the same conditions that Mexico does thanks to NAFTA. According to NAFTA, products that comply with negotiated rules of origin, enter the U.S. market as free trade without limits or quotas.

Area governments and their respective public sectors over three years ago began intense political and diplomatic efforts to neutralize the diversion of trade and investment from Central America and Caribbean countries to Mexico, because of the comparative advantage through the elimination of tariffs for Mexican products.

The competitive advantage of Mexican products in the United States has allowed textiles and clothing from Mexico to grow 50 percent during 1994 compared to 16 percent by countries benefited by the Caribbean Basin Initiative (CBI). During this year's first semester, growth in exports have been 74 percent and 23 percent respectively.

Other factors that affect relative competitiveness, such as infrastructure, transportation times and costs, labor availability, and the elimination of tariffs, are becoming in the U.S. market important sources of competitive advantage over CBI countries, thus exerting pressure to deepen trade diversion.

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NAFTA rules are also diverting investments from CBI countries toward Mexico. It is obvious that the elimination of tariffs and quotas to Mexican producers offers investors an assurance that CBI countries cannot. In addition, customs and transportation facilities, opportunities for greater vertical integration, and the advantage of economies of scale such as those operating from Mexico, cannot be matched by Central American and Caribbean countries. This is causing a transfer of foreign investments from area countries to Mexico, as well as inducing investors to make their new investments in that country instead of Central America or the Caribbean.

The NAFTA parity is a key element to neutralize the diversion of trade and investment, but also to increase competitiveness in the U.S. domestic industry vis-a-vis Asian competitors that produce at lower costs and offer a greater variety of quality textile products and garments. In addition, the parity would benefit U.S. consumers by giving them access to more inexpensive quality products, and contribute, via reverberation effects, to consolidate its growing trade surplus with the region.

In spite that the word NAFTA represents a typical case that could be classified as a "win-win" situation in "game theory," there are different factors that explain the systematic failures of all the proposals submitted thus far (i.e. Gibbons Proposal, Graham Proposal, the Interim Trade Program, and lately, the Crane Proposal).

First, there is the position of the U.S. unions affiliated with the AFL-CIO, and other U.S. labor organizations such as the National Labor Committee, which, in their reductionist outlook of reality, believe that parity is tantamount to exporting jobs that belong to U.S. citizens.

Second, disputes within the U.S. textile and garment industries, which do not necessarily share the same interests, have had negative effects. To this effect, it is worth mentioning the open lobbying by major U.S. companies against the approval of parity. Their main argument is the alleged loss of jobs that this parity would cause in some southern states, which are key for the political aspirations of important leaders of the House of Representatives and the Senate in the coming presidential elections.

Finally, the approval of parity has been blocked by the U.S. domestic agenda: Massive cuts in medical assistance and social programs for vulnerable groups contemplated in the new budget. This has given parity's detractors in the House of Representatives and the Senate a political excuse to block its approval, since the parity law would entail a loss of fiscal revenues close to $850 million. Parity opponents argue that this law does not include measures of reciprocity in terms of access to markets, which seems to be, today more than ever, a vital principle of U.S. trade policy, and maintain that its conditions regarding labor and intellectual property aspects are too lax.

The national private enterprise through the Central American and Caribbean Council of the Textile and Garment Industry, along with our government, has made all the necessary efforts to obtain the political support to make parity a reality.

The Central American presidents have sent notes to President Clinton, asking for his administration's support for virtually all parity proposals. We have participated actively in the congressional public hearings held on this topic. We have visited numerous congressmen, senators, key members of the administration and business leaders in the United States to obtain their support. We have received in Central America delegations of congressmen and their advisers, who have visited local and U.S. companies operating in our countries, and have even negotiated with the U.S. textile and garment industries some of the most sensitive points contained in the last parity bill, known as the Crane Proposal. Despite all these actions, the NAFTA parity is still an aspiration. The fact that it was not included in the Reconciliation Act of the U.S. budget only leaves open a minimum possibility for its approval this year through a U.S. trade law linked to the construction of ships.

In light of the real threat of not obtaining NAFTA parity, our government is developing, at this very moment, a parallel strategy that will enable our country to improve its competitiveness and become an attractive economic place for investments. The key elements of this strategy are the following:

1. To submit reforms on the Duty Free Zones and Bonded Warehouses Law with the objective of diversifying the type of industries and activities that are conducted in duty-free territories; make more profitable the operations of companies that operate under this system; and guarantee a climate of labor harmony.

2. To speed the privatization process, currently under way, to provide the duty-free zones and the bonded warehouses with efficient, reliable, and competitive infrastructure services.

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Guatemala

Political Parties To Respect Agreements With URNG

PA0911191795 Guatemala City LA REPUBLICA in Spanish 8 Nov 95 p 8

[FBIS Translated Text] President Ramiro de Leon Carpio stated yesterday that there is a pledge signed and guaranteed by representatives from the political parties, whereby they promise to honor the agreements signed by the government and the Guatemalan National Revolutionary Unity (URNG) as state agreements.

The said agreement is known as the Contadora Agreement, for when they met in Panama, which was signed by representatives from the political parties and is to be respected by the incoming president as state pledges.

De Leon Carpio reacted to the statements made by a member of the URNG's political commission, who indicated that the guerrilla will only maintain the cease-fire until 13 November, as they had previously announced, and that they will not lay down their arms unless the new administration pledges to honor the signed agreements.

De Leon said that "after the elections the executive will meet with the winner, and in the event that a run-off election is required — slated for 7 January 1996 — the executive would expect to meet with both candidates and brief them on the existing agreements and state pledges."

The president stated that his administration and the one that succeeds it must have the achievement of peace as its primary goal in order to put an end to the 35 years of internal struggle that have only caused suffering, so "I believe there is no reason to extend the war."

De Leon Carpio underscored that friendly countries and the international community have taken notice of his administration's interest in concluding the peace process before his term is over. It has also, however, become evident that the guerrilla command lacks the political will to reach progress on the negotiating table.

"The international community is asking the guerrilla, government, and Guatemalans in general to take a stance on a definite cease-fire in order to end this type of unnecessary war, for Guatemala is now experiencing a state of progress and development where, if we want to move ahead, there must be peace in the country," De Leon Carpio said.

To conclude, the incumbent noted that his administration has kept its pledge and hopes the insurgents will also do their share. He is absolutely convinced the new president and his cabinet will share the same goal: The signing of a peace accord.

Observers Note Democratic Performance by Voters

PA1411003995 Panama City ACAN in Spanish 2031 GMT 13 Nov 95

[By Cristina Hasbun de Merino]

[FBIS Translated Text] Guatemala City, 13 Nov (ACAN-EFE) — International observers have commented that the Guatemalan people have accomplished a "historic" deed by ratifying, through Sunday's general elections, that they are prepared to strengthen their country's incipient democratic process, initiated a decade ago after 30 years of military regimes.

Observers interviewed by ACAN-EFE commented on the almost total calm that prevailed during the voting to elect the nation's president and vice president, 80 deputies to Congress, and 20 deputies to the Central American Parliament, as well as 300 mayors.

Spanish Popular Party Deputy Encarnacion Redondo Jimenez, who is a member of the European Parliament, affirmed that the electoral process took place "in a completely normal fashion, and I believe this is the best compliment that can be paid in this case."

Redondo said she is "pleasantly impressed." She said: "It has been wonderful to come here and see in the field Guatemala's electoral process." Redondo noted that the Guatemalan people "have demonstrated maturity, and this is important. All the European Union observers with whom I have spoken and who were at various parts of the country have said that the electoral performance was similar everywhere."

A total of 63 observers from the European Union, including 12 from Spain, monitored the election process in Guatemala. These observers included diplomats, parliamentarians, state officials, people from institutions, and police and Army officers.

Deputy Redondo played down the importance of the blackout that affected the entire country shortly after midnight Sunday. She said: "We have seen how everything took place in a completely normal fashion — the installation of the voting tables and then the voting process and the counting process."

According to Guatemalan official sources, the power outage, which in some sectors of the capital lasted for more than three hours, was due to technical failures.

Some local media reported today that the blackout affected the vote-counting, and some politicians have commented, without accusing anyone in particular,

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about the possibility of the blackout being the result of sabotage.

A member of the National Vanguard Party, whose presidential candidate, Alvaro Arzu, leads in the vote-counting, today denounced on a radio station that in El Progreso Department today there were two violent incidents against his party.

He charged that in San Agustin Acasaguastlan several persons unhappy with the election results set electoral material on fire at 18 or 19 voting tables that had been installed.

The source said that in Morazan Municipality his party's candidate for mayor received death threats and had to leave town.

The source added that these actions took place shortly after midnight Sunday, during the blackout.

Regarding the high level of absenteeism, almost 62 percent in the capital and 20 percent in the country's interior, the Spanish deputy said this must be evaluated taking into consideration the citizen participation record of previous electoral processes.

She said that in the last two electoral processes, the participation level was 20 and 30 percent. "I believe," she said, "this election shows a big increase in participation that is due, basically, to the maturity of the Guatemalan people, to their interest in participating in the consolidation of the democratic process, and also to the motivation spurred by all the political parties."

In a statement to ACAN-EFE, Elena Marinucci, an Italian deputy who is also member of the European Parliament, characterized the elections process as a "democratic fiesta." She praised the order and normality in which the voting took place throughout the country, especially in the western department of Quezaltenango, where she acted as observer.

Jose Celin Discua, president of the National Development Foundation, in comparing the Guatemalan elections with those in his country and other Central American nations, said that the Guatemalan elections "had their own characeristics."

He explained: "The elaboration of electoral lists here appears to be very complex, but it is very accurate and the lists are very well utilized. In our country, the parties place vehicles at the disposal of voters, regardless of how far away or how close they may live and this adds a fiesta atmosphere" to the elections, he said.

Leading Candidate Stresses Relations With Mexico

PA1011153195 Mexico City NOTIMEX in Spanish 0059 GMT 10 Nov 95

[By Pablo Palomo Reyna]

[FBIS Translated Text] Guatemala City, 9 Nov (NOTIMEX) — Rightist politician Alvaro Arzu, whom the polls show as the frontrunner in the presidential elections that will be held in Guatemala on 12 November, has stressed the significance of the bilateral relations with Mexico.

He said that a likely government headed by him would seek to broaden the relations with Mexico, which is a country that Central American regards as an "older brother" from whom "we have a great deal to learn."

In statements to NOTIMEX, Arzu pointed out that, "for us, it is very significant to maintain and broaden the rapprochement with the neighboring country (Mexico)."

In case he reaches power, he underscored, the political and commercial relations with Mexico will become a priority for his government, adding that it is imperative to broaden the relations with Mexico "now that Guatemala borders the world's largest market, which was created by NAFTA" and in which Mexicans, Americans, and Canadians are partners.

He explained that the likely government he would preside will promote "a closer relationship" regarding issues of bilateral interest such as border security and development, migration, refugees, fight against drug trafficking, and environmental protection.

Arzu is the candidate who has more possibilities of winning, among the 19 presidential candidates nominated by 23 parties. This is a record number of presidential candidates since 1985, when the current democratic process put an end to more than zero [as received] years of military governments.

The candidate of the rightist National Vanguard Party (PAN) is leading the polls, which indicate a considerable lead over his closest contender.

In its latest poll, the CID-Gallup company placed Arzu at the front of the presidential race as he garnered 42 percent of the intended vote, followed by Alfonso Portillo, candidate of the conservative Guatemalan Republican Front (FRG), with 11 percent of the intended vote. Acisclo Valladares, attorney general on leave of absence and candidate for the populist Progressive Liberator Party (PLP), is on third place with 7 percent of the intended vote, followed by Fernando Andrade, from a three-party alliance, with 5 percent of the intended vote.

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The Association of Investigation and Social Studies (ASIES), one of the most prestigious associations in Guatemala, conducted a poll showing Arzu in the lead with 37.7 percent of the votes, followed by Portillo with 16.5 percent of the votes.

In addition, in another report made public on 9 November, the Paradigma company revealed that Arzu is leading the race with 33.2 percent, followed by Portilio, with 15.3 percent.

In third and fourth places, the polls placed Valladares, PLP candidate, and Andrade, candidate from the alliance among the Guatemalan Christian Democracy, the Social Democratic Party, and the National Union of the Center, respectively. These candidates garnered between 3.4 and 10.6 percent of the votes.

However, the three polls indicated that it will be difficult for Arzu to obtain an absolute majority (51 percent) in the 12 November general elections.

In the event of a runoff election, which would be held on 7 January 1996 and in which the two candidates garnering the most votes would participate, Arzu reportedly looks like the favorite candidate; however, the results are "unpredictable," according to the pollsters.

Arzu is a seasoned, 49-year-old politician seeking the presidency of Guatemala heading a new party that registered legally in 1990 and that has little experience on electoral confrontations (it participated in the 1991 and 1993 elections).

The favorite candidate to win the 12 November presidential elections had voiced his reservation on poll results; however, he now believes that, a few days before the elections, they have acquired "a real character."

The PAN candidate, who is participating in a presidential election for the second time, said he is basing his "winning potential" on the "good work" he did as Guatemala City mayor (1986-90).

The mystery regarding Arzu's absolute victory or the holding of a runoff election to elect the ruler that will lead the country toward the year 2000 will be solved on Sunday, 12 November.

During the weekend, 3.7 million Guatemalans registered in the electoral lists must cast their votes to elect the president, the vice president, 300 mayors, 80 congressmen, and 40 Central American Parliament (Parlacen) deputies.

Honduras

President Announces Military Deployment on Streets

PA1411231795 Tegucigalpa LA TRIBUNA in Spanish 13 Nov 95 p 3

[FBIS Translated Text] Before leaving for Europe, President Carlos Roberto Reina announced that the military will be deployed on the streets on 20 November to protect the people.

Reina has said the military knows that "D" day has been slated for 20 November, when his long trip ends, "because there is popular demand and it is his duty as the commander general of the Armed Forces."

The president, who gave a news conference before leaving, was accompanied by Foreign Minister Delmer Urbizo Panting, French Ambassador Yves Saillard, Italian Ambassador Pier Franco Valle, and Papal Nuncio Luigi Conti.

Reina categorically denied that a meeting had been held to negotiate the post of commander in chief of the Armed Forces with the surrender of several of the accused in the case of the missing people.

"There is speculation about various situations, fragmented reports that are received and loosely put together, and this generates great confusion," he has said.

He mentioned immediately that before the election of the new military chief, he held several meetings with military officers in his position as commander general of the Armed Forces but that he never "negotiated" the topic of human rights.

In this regard, he has said he has told the Honduran people: "We believe we should close that chapter in the best possible manner, because we cannot continue with this problem indefinitely."

Reina is proposing that the topics for that final chapter should include the discussion of legal aspects, whether pardons are valid, and whether there is evidence against certain individuals.

What are the relatives of those persons after: To redeem the victims or to find their remains? What do we do with the relatives of missing people? Compensate them not just to ease the pain but because it is fair to educate their children.

"That is not negotiating, but an effort to heal Honduras' wounds. I will welcome any question regarding my position."

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He added: "There is a legal aspect and punishment for the culprits, and it will create great confusion if these two concepts are mixed up."

The president praised the fact the Armed Forces chief had contradicted himself first by saying the military institution was responsible for the disappearances and later by saying the individuals were responsible. "That was the correct argument," Reina has said.

In his opinion, "the government is making efforts to find the remains of the victims of that shameful era of the Cold War, and once they are found, they will be paid homage at a mausoleum so that their relatives can lay wreaths on their graves."

President Cited on Accomplishments of Trip to France

PA1511031995 Tegucigalpa LA TRIBUNA in Spanish 14 Nov 95 p 7

[FBIS Translated Text] President Carlos Roberto Reina has said one of the main accomplishments of his visit to France has been that French President Jacques Chirac had promised to intervene so that the European countries would purchase Honduran bananas in addition to taking steps so that 50 percent of Honduras' debt with the Paris Club can be condoned.

Following his meeting with Chirac, Reina said this has been the first time steps were being adopted to encourage relations between Honduras and France. He added that he got to know General Charles de Gaulle very well when he lived in the country for four years and, therefore, became very fond of France.

"Wherever he may be, I am certain de Gaulle must be pleased with Jacques Chirac for having granted me the Legion of Honor," Reina said.

He has said in this regard that the award was a gracious gesture that reflects the deep respect France feels toward such a traditional historical figure as de Gaulle, who rescued the country on two occasions; that is, during the Second World War and during the political crisis that took place during the final years of the 1950's.

Reina has said President Chirac had stipulated a point that has impressed him a great deal; that is, that the Paris Club intends not only to support Honduras but also will take steps to condone 50 percent of the country's debt.

Likewise, the Honduran president expressed his satisfaction with the Great Cross of the Legion of Honor decoration that had been bestowed on him. He has described the decoration as a significant award that represents a desire to strengthen relations between France and the other Central American countries.

Reina has said his visit had been planned initially to meet with members of the United Nations Educational, Scientific, and Cultural Organization (UNESCO), but when news of his arrival to Europe was announced, the French Government expressed satisfaction with the visit, something which they demonstrated through acts of respect toward Honduras.

The president proudly proclaimed: "This is just one more reason for us to feel grateful, because this trip was not organized as an official or state visit but, rather, a visit to UNESCO and which has now become a semiofficial visit to France and where the Honduran people, through their president, have been awarded the highest distinction this country can bestow."

President Chirac also offered Reina assistance in the Honduran president's efforts to implement French classes at high schools in Honduras.

In this regard, the Honduran president said: "The French Government was pleased to know that we would be opening the window of French culture through our high schools once again."

According to Reina, it would be easy to implement French classes in Honduras' high schools. They would give the country access to France, with all the splendor of French Cartesianism, which is one of the world's most major reasoning methods.

On investments, Reina has announced a treaty with a view to guaranteeing French investments in the country had been signed and which is similar to agreements already in effect with Germany, Italy, and Great Britain that have been signed.

Appearance Before UNESCO

Commenting on the speech to be delivered before UNESCO, Reina has said it will basically center on education, science, and culture.

"UNESCO, to which I was ambassador on two occasions during two general assemblies, is well aware of our position, and we would now like to implement the Morazanic School concept, which has not yet been fully understood," the president has said.

He has said he would like to raise a voice in favor of education on the occasion of the 50th anniversary of UNESCO.

"I am certain that just as the moral revolution concept has extended beyond Honduras' borders, the Morazanic School will demonstrate the basic pillars of that revolution in the education, scientific, and cultural sphere," the president has said.

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An Opportunity for Bananas

On the banana issue, Reina has said that President Chirac is well aware of what has been taking place and that the European countries are planning to seek a formula to benefit the Honduran people and the country's banana growers based on what Spanish Prime Minister Felipe Gonzalez had already told him during his visit to Tegucigalpa in addition to what was reiterated during past summits.

He has said this represents a tremendous opportunity for Honduras, given that this country's bananas are of top quality and that Honduras will be able to recover a major market for one of the country's main export product if everything comes through.

The president's statements were broadcasted by Radio America and HRN direct from Paris, France.

Court President on Administration of Justice, Armed Forces

PA0911160395 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 8 Nov 95

[From "The Morning Paper" newscast]

[FBIS Translated Text] Miguel Angel Rivera Portillo, Supreme Court of Justice [CSJ] president, has granted an exclusive interview to "The Morning Newspaper" newscast. He has answered questions on whether the U.S. Embassy is interfering with the implementation of justice in the country; whether there is premeditation against high-ranking Armed Forces officials; whether foreign governments are interfering in the implementation of justice, according to a report retired Colonel Rolando Mejia Garrigo has filed in San Pedro Sula; and whether there is a confrontation between the Armed forces and the judicial branch on these and other issues.

Rivera responded to these and other questions during this exclusive interview he has granted to reporter Carla Fonseca.

[Fonseca] CSJ President Rivera has returned to the country after traveling abroad for a medical checkup. He has responded to General Luis Alonso Discua Elvir's statements questioning the correct administration of justice in Honduras:

[Begin recording] [Rivera] The president of the Republic has to deal with pardons. Once people have been sentenced, all or part of their sentences could be pardoned.

[Fonseca] Is there a possibility of the Armed Forces chiefs requesting clemency from the president of the Republic to [words indistinct?]

[Rivera] He is the president's subordinate. The president is duty-bound to take the necessary steps for one of his subordinates.

[Fonseca] Did you know that Colonel Garcia has said the U.S. Embassy is exerting a great deal of pressure on the judicial branch to imprison military officers?

[Rivera] No, no, no. If a court [words indistinct].

[Fonseca] According to the retired colonel, [3-second break in transmission] sentenced by the court for the alleged crime of cocaine trafficking. He has claimed the U.S. Embassy is exerting a veiled influence. Is that true?

[Rivera] No, no, no. If a court [words indistinct] the independence [words indistinct]. We do not heed pressure from anyone, let alone from foreign and [word indistinct] businessmen.

[Fonseca] [Words indistinct] regarding drug issues that you only sentence military officers?

[Rivera] I do not know whether any of them have been sentenced.

[Fonseca] Discua also has said justice has gone too far in the sentencing of [words indistinct] that the sentence was too severe.

[Rivera] [Words indistinct] all resources the law itself places at their disposal to use them. They can appeal to a higher judge if they disagree with a sanction or a sentence. In this case, it pertains to the Court of Appeals. They could resort to the CSJ if they disagree with the Court of Appeals ruling.

[Fonseca] Are there no legal guarantees for prosecuted people, as Discua has claimed?

[Rivera] We live in a state of law, and the strict administration of law is guaranteed.

[Fonseca] Ernesto Paz himself has said the Honduran legal system walks like an arthritic turtle.

[Rivera] He has to say something. The Honduran legal system is slow in the fight, but [words indistinct] the procedures, the reason why we are very interested in having the new Penal Procedures Code approved so as to ensure justice will be faster.

[Fonseca] [Words indistinct] Discua will request clemency from the president of the Republic for a [words indistinct] in legal terms?

[Rivera] He can file all the petitions he deems advisable for his friends and subordinates. Granting them is another matter.

[Fonseca] Certain [words indistinct] Puerto Lempira, the sentence on Lieutenant Colonel Juan Blas Salazar,

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former DIN [Department of National Investigation] director. He has been sentenced to 21 years in prison for alleged cocaine trafficking. Is this a valid questioning?

[Rivera] That is the judge's opinion and must be respected as long as a higher court does not modify the sentence. [end recording]

President Dismisses Leniency Option in Col Salazar Case

PA1011044095 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 8 Nov 95

[From the "This Very Day" newscast]

[FBIS Translated Text] There is no room for lenience in the case of Colonel Juan Blas Salazar or any other case, President Carlos Reina has categorically stated. Here is Cristiana Carvajal with a report:

[Carvajal] President Reina was consulted about the possibility that General Luis Alonso Discua will ask him to be lenient since he deems unfair the 21-year sentence pronounced against Col. Juan Blas Salazar on charges of drug trafficking.

[Begin Reina recording] I learned through the media — and Gen. Discua is sitting next to me— that Gen. Discua had asked me to be lenient regarding a sentence issued by the Judicial Branch. That recourse does not exist in our judicial system. It exists in the Anglo-Saxon system, for instance, the British system, in which someone may ask the Queen for lenience. I do not believe that saying that the responsibility of Col. Salazar has not been established is not a valid statement, because only the judge assigned to the case has the last word.

I must point out that there are other levels. If the judge makes an error, engages in an unfair or illegal action, or has insufficient information —which is quite human— then the case will go to the next level. Our system is quite efficient in this regard. Three magistrates will review the case if an appeal is filed. Last, we have a special recourse, the court of appeals, which is not an institution, but a special recourse. At this stage, the truth should be entirely clarified. We cannot say a priori that the judge has made a mistake. What Gen. Discua has done as the commander in chief of the Armed Forces [FFAA] is correct: Voicing his solidarity toward a member of his institution. This is a very loyal attitude, which we must commend. However, the Judicial Branch is another government branch, and it is the branch responsible for clarifying the truth. [end recording]

[Carvajal] Reina was asked about the suitability of presenting Col. Alexander Hernandez as [word indistinct] before the courts, since certain sectors view this action as a protective measure by the military institution because he has not been apprehended.

[Begin Reina recording] If a member of the FFAA is not assigned to a particular responsibility, it will be up to the Prosecutor General's Office and the Judicial Branch to determine what is his judicial status, and they will have the last word. This is a judicial aspect; an aspect that deals with the implementation of the law; and an aspect of fundamental interest within a democratic system. [end recording]

[Carvajal] Meanwhile, President Reina was asked about the accusation made by former U.S. Ambassador to Honduras Jack Sims that at least 12 of the Salvadorans who were apprehended in Honduras during the 1980's were thrown out of a Honduran Air Force airplane.

[Begin Reina recording] I have heard that it was a Salvadoran airplane, that the men who apprehended them were Salvadoran, and that the arrestees were not on the plane when it landed. The airplane landed here, but, we assume, it did take the prisoners to El Salvador. The prisoners were handed to the Salvadoran officers who were responsible for the said aircraft. Whatever those Salvadoran officers did, that is their responsibility. We must admire the United States for such frankness. It is incredible that an ambassador would make such a statement, because we are condemning an era in which those incidents were the norm and not the exception. There was a state terrorism that took a heavy toll and that has been overcome by the unity of our nation. [end recording]

Public Force Inspector General Suspended on Charges

PA1011172495 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 9 Nov 95 p 3

[FBIS Translated Text] Tegucigalpa — Public Security Force [FSP] spokesman Captain Jose Danilo Orellana has confirmed that the general command has suspended and issued a warrant of arrest against FSP Inspector General Alexander Hernandez, involved in an incident where several university students were reported missing for some time in the 1980's. Orellana also announced the temporary appointment of Col. Marco Antonio Matute Lagos, who will assume office as Inspector General next Monday. Matute currently is the FSP's chief of operations.

Orellana reported that Commander General Roberto Lazarus Lozano requested Col. Hernandez' suspension saying he cannot continue to hold the post because of the charges filed against him at the First Preliminary Criminal Court.

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Orellana said that Hernandez' suspension is based on Article 14 of the FSP's Personnel Law. He also quoted Article 183 of the Armed Forces Charter, according to which an officer involved in legal proceedings must be suspended until a firm sentence has been pronounced. Col. Lazarus presented a request to suspend Col. Hernandez on 6 November. The decision to suspend him was made because of the charges against Hernandez.

The FSP commander had previously reported that Col. Hernandez would be suspended on 13 October, when he should have returned from vacation and reassumed office as inspector general. The decision to suspend him, however, was made before he returned from vacation.

Deputy: Workers Treated Adequately at Assembly Plants

PA1311173195 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 13 Nov 95

[From the "Morning Paper" newscast]

[FBIS Translated Text] A U.S. Department of Commerce commission has started a tour of Central American to verify alleged labor rights violations in the assembly plant sector. In Honduras today, they will verify alleged mistreatment of assembly plant workers, and should they confirm such a charge, the country could face commercial sanctions, such as the suspension of certain benefits within the generalized system of preferences.

Deputy and Economy Minister Gustavo Adolfo Aguilar has reacted to this development:

[Begin Aguilar recording] We believe there will be no problem, because the workers here are treated quite adequately. We could have made some mistakes, but the treatment given here in general is better than in many U.S. factories at times. [end recording]

[Mexico City NOTIMEX in Spanish at 2120 GMT on 11 November adds the following in a 200-word, Tegucigalpa-datelined report: "'Puppets from U.S. unions are in the country fabricating paid testimonies to justify measures to block access of Honduran products to the U.S. market,' a communique issued by the Choloma Chamber of Commerce stated today. It states that Choloma is located in Cortes Department, on the Atlantic side, adding that this commission will meet with Economy Minister Fernando Garcia. The communique states that 'local unions are involved in this action against Honduras.'"]

Law Affirms National Human Rights Office

PA1511044495 Tegucigalpa LA TRIBUNA in Spanish 14 Nov 95 p 12, 13, 14

[Text of the "Organic Law of the Office of the National Commissioner for Human Rights," approved by Honduras' National Congress in Tegucigalpa on 24 October; passages within single slantlines published in boldface; passages within double slantlines published in upper-case]

[FBIS Translated Text] National Congress

Honduras, Central America

/Decree No. 153-95/

The National Congress,

/Whereas/: Honduras is a lawful state constituted as a free, sovereign, and independent Republic to grant its citizens justice, liberty, culture, and economic and social wellbeing;

/Whereas/: Human beings are the supreme objective of society and of the state and that everybody must respect and protect human beings;

/Whereas/: The Constitution of the Republic safeguards the fundamental rights and liberties, the state acknowledges and has the obligation to guarantee and respect them;

/Whereas/: The Universal Declaration of Human Rights and other international treaties on this matter have been approved by our government and form part of our internal legislation;

/Whereas/: The Office of the National Commissioner for the Protection of Human Rights was created by Executive Decree 26-92 of 8 June 1992 and was reformed by Executive Decree No. 51-92 of 8 September of the same year, to protect human rights;

/Whereas/: Through Decree No. 191-94 of 16 December 1994, which was constitutionally approved by Decree No. -95 of 7 February 1995, the Office of the National Commissioner for Human Rights was given constitutional rank;

/Whereas/: The present law must make known the organizational structure, attributions, and prerogatives of the Office of the National Commissioner for Human Rights;

//Therefore,

Decrees//:

The following:

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//Organic Law of the Office of the National Commissioner for Human Rights

Title I

Its Nature and Address

Chapter I

The Nature of the Institution//

/Article 1./ The Office of the National Commissioner for Human Rights is a national institution established to guarantee respect for the rights and liberties acknowledged by the Constitution of the Republic and by international treaties and agreements approved by Honduras.

/Article 2./ The head of the Office of the National Commissioner for Human Rights will be elected by Congress to guarantee that the authorities will adopt actions and measures to secure effective compliance with laws and dispositions that guarantee respect for human rights.

//Chapter II

Headquarters and Address//

/Article 3./ The Office of the National Commissioner for Human Rights has its headquarters and address in the capital of the country but can establish offices and appoint representatives anywhere in the country, wherever it becomes necessary.

//Title II

Election, Attributions, Prerogatives

Incompatibilities, and Cessation

Chapter I

Election//

/Article 4./ The head of the Office of the National Commissioner for Human Rights will be elected by Congress for a period of six (6) years by a majority of votes and can be reelected.

/Article 5./ The person to be elected head of the Office of the National Commissioner for Human Rights must meet the following requirements:

a) Be Honduran by birth;

b) Be in full exercise of his or her citizen rights;

c) Be over 30 years of age;

d) Be a juridical and social sciences professional or a university graduate well-versed in human rights; and

e) Be a person of acknowledged honor.

//Chapter II

Faculty//

/Article 6./ The Office of the National Commissioner for Human Rights may directly address any public employee as well as any public organization or institution and its heads, who are obligated to respond to any request posed to them.

/Article 7./ To enable the Office of the National Commissioner for Human Rights to fulfill its functions, it will have free access to all the civilian and military dependencies and to all centers of detention, imprisonment, or confinement without any kind of objection.

/Article 8./ In exercising his or her legal and regulatory capacities, the head of the Office of the National Commissioner for Human Rights will enjoy functional, administrative, and technical independence. The Office of the National Commissioner for Human Rights will issue the rules of this law, which must be approved by the executive branch through the Government and Justice Minister.

//Chapter III

Attributions and Prerogatives//

/Article 9./ The Office of the National Commissioner for Human Rights has the following characteristics:

1. To see that the rights and guarantees established by the Constitution and this law as well as by the Universal Declaration of Human Rights and other treaties and agreements approved by Honduras are respected;

2. To pay immediate attention to and to follow up on all accusations of human rights violations;

3. To request from any authority, state branch, organization or institution specific information about human rights violations.

4. To see that actions and resolutions of public administration are in line with the contents of the treaties, agreements, and international accords on human rights approved by Honduras.

5. To present to all the necessary authorities the observations, recommendations, and suggestions it may deem necessary to secure compliance with the law.

6. To seek information to denounce these cases to the suitable authorities upon receiving a request in cases of violence that harm the moral, psychological, or physical integrity of the members of a marital union, their descendants, and other members of the family and in cases where there is evidence that norms have been violated.

7. To draft and to implement in the political, legal, economic, educational, and cultural sectors programs to

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promote human rights and to prevent the violation of these rights.

8. With the cooperation of nongovernment organizations, to coordinate, together with national and international organizations, measures pertaining to the protection of human rights, in their broadest conception, including the provision of steadfast food supplies for the poor, helpless children, and respect for the dignity and image of human beings;

9. To draft the institution's annual budget and present it to Congress for its approval through the Finance and Public Credit Ministry;

10. To create regional offices and to appoint personnel;

11. To report annually to Congress on its work; and

12. To organize national and international seminars to create in the nation a spirit of human rights protection.

/Article 10./ The Office of the National Commissioner for Human Rights will function with full autonomy in defense of fundamental rights and for the strengthening of the state of law and will enjoy the following prerogatives:

1. The head of the Office of the National Commissioner for Human Rights will enjoy the same level of immunity of other officials of public administration who enjoy this right;

2. The same prerogatives are applicable to the alternate delegates to the Office of the National Commissioner for Human Rights in strict observance of their work.

The person appointed to the Office of the National Commissioner for Human Rights cannot hold other posts, either public or private, except to teach or investigate, provided it is compatible with her or his work schedule, which cannot be less than eight (8) hours a day.

/Article 11./ The person appointed to the Office of the National Commissioner for Human Rights will stop work for any of the following reasons:

a. Resignation.

b. Having completed the elected term.

c. Negligence of his or her obligations, duly verified.

d. Death or permanent disability.

/Article 12./ In the event of death, temporary or definite disability of the person appointed to the Office of the National Commissioner for Human Rights, the work will be done temporarily by the alternate delegates of the Office of the National Commissioner for Human Rights until Congress elects one.

//TITLE III

DELEGATES

ALTERNATE DELEGATES OF THE NATIONAL COMMISSIONER OF HUMAN RIGHTS

CHAPTER I

ALTERNATE DELEGATES//

/Article 13./ The Office of the National Commissioner for Human Rights will be assisted by two alternate delegates, first and second, in which he or she will be able to delegate work and who will replace him or her.

/Article 14./ The person appointed to the Office of the National Commissioner for Human Rights will appoint and separate the alternate delegates as determined by the regulations.

/Article 15./ In order to be appointed alternate delegate, it is necessary to fulfill the requirements of the National Human Rights Commission.

//TITLE IV

OF PROCEDURES

CHAPTER I

START AND CONTENT OF THE INVESTIGATION//

/Article 16./ The Office of the National Commissioner for Human Rights can begin on its own accord or at the request of one of the parties any investigation leading to the clarification of events that imply illegitimate, arbitrary, or abusive behavior or defects, negligence or discrimination by the public administration and private bodies that render public services. This also is applicable to human rights violations in the broadest sense.

/Article 17./ Work by the Office of the National Commissioner for Human Rights will not be interrupted on any account, not even under a state of emergency or a state of siege, nor the right of citizens to seek protection from the Office of the National Commissioner for Human Rights.

/Article 18./ Complaints lodged before the Office of the National Commissioner for Human Rights will not interrupt or suspend the timeframes or administrative and judicial terms established by law.

//ARTICLE II

SCOPE//

/Article 19./ The powers of the Office of the National Commissioner for Human Rights to protect these rights

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cover activities of public officials, both civilian and military.

/Article 20./ The person appointed to the Office of the National Commissioner for Human Rights, his or her alternate delegates, or representatives, may inspect public offices and obtain the necessary information for fulfilling its work. This information is to be supplied immediately and at no cost.

/Article 21./ When the Office of the National Commissioner for Human Rights learns of an illegal or arbitrary action, he or she must recommend and warn the respective authority for an immediate correction. If the Office of the National Commissioner for Human Rights considers it a crime, he or she should report it immediately to the appropriate authority.

/Article 22./ The Office of the National Commissioner for Human Rights will use his or her own means and will have full independence to determine which person needs his or her protection [words indistinct] humans or other illegal acts. Complaints may be presented in writing or verbally and through whatever means of communication.

Chapter III

//Handling Complaints//

/Article 23./ Individuals who believe they have been subject to some form of mistreatment originating from arbitrary administrative measures, human rights violations, or other forms of illegal rulings will be eligible to file a complaint before the Office of the National Commissioner for Human Rights. All complaints can be filed in writing, orally, or in any other manner of communication.

Nationality, age, sex, residency, or confinement in a penal institution will not be construed as an impediment to file a complaint or accusation before the Office of the National Commissioner for Human Rights. Confinement to a psychiatric institution will not restrict the right to file an indictment before the Office of the National Commissioner for Human Rights. In this last case, the complaint can be filed by relatives, individuals responsible, or any other interested party.

/Article 24./ Every complaint filed before the Office of the National Commissioner for Human Rights, the assistant delegates, or representatives, must be filed within a one-year period from the date when the complainant becomes aware of the facts that generated the complaint and shall not require any formality.

/Article 25./ The Office of the National Commissioner for Human Rights, its assistant delegates, and representatives will catalog and acknowledge receipt of the complaint being received, will process it or reject it. In this last instance, the reasons whereby the complaint is being rejected will be put into writing, and the complainant will be advised of all further steps available.

/Article 26./ The Office of the National Commissioner for Human Rights will not individually examination those complaints over which a legal verdict may still be pending, and if an evaluation has been initiated, it will be suspended once an objection has been executed before the courts by an interested party.

/Article 27./ The Office of the National Commissioner for Human Rights will reject, in a straightforward manner, all complaints in which malice, lack of evidence, and insufficient cause for action are detected, as well as those which, if processed, can cause harm to the legitimate rights of third parties.

/Article 28./ Once a complaint has been received, the Office of the National Commissioner for Human Rights will promote an immediate summary and informal investigation in order to explain the assumptions alluded to in the complaint. In every case, it will give an account of the content of the complaint to the organization or office that has been accused so that it can provide an explanation in a 10-working day period. This period will be extended when the situation may merit it, at the discretion of the Office of the National Commissioner for Human Rights or its assistant delegates.

/Article 29./ Refusal or negligence by an official or the responsible superior to forward a report that had been requested may be interpreted by the Office of the National Commissioner for Human Rights as an intent to obstruct its duties and will immediately make this fact public and describe it as such in an annual or special report that will be presented before the relevant authority so that legal accountability that may be warranted can be determined.

//Chapter IV.

Obligation of Organizations and Institutions to Cooperate//

/Article 30./ All government branches and state institutions are obligated to provide instant and preferential support to the Office of the National Commissioner for Human Rights, its assistant delegates, or representatives in their investigations and inquiries.

/Article 31./ During the initial phase of the investigation of a complaint or of a proceeding launched officially, the Office of the National Commissioner for Human Rights, its assistant delegates, or any individual appointed by the commissioner will be entitled to appear before any public administration center, be it civilian or military,

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in order to ascertain all evidence that may be pertinent and proceed to examine all files or necessary documents. To this end, access to all administrative documents on activity or service under investigation will not be barred.

/Article 32./ When the complaint to be investigated is related to the conduct of a public official, the Office of the National Commissioner for Human Rights will advise the accused as well as the immediate superior or organization under whom the individual may be subordinated.

/Article 33./ The accused will answer in writing within a period of 10 working days by providing all documents and testimonies considered as appropriate in order to discredit the accusations being made.

/Article 34./ The Office of the National Commissioner for Human Rights, the assistant delegates, or any individual that may be appointed as such will establish the accuracy of the allegations and will propose a meeting with the accused in order to learn the facts. Those officials who refuse such a request will be required by the national commissioner to provide a written explanation stating the reasons justifying refusal.

/Article 35./ The Office of the National Commissioner for Human Rights may ask public powers and other civilian and military authorities for whatever documents it may deem necessary to accomplish its functions, including documents classified as secret according to the law. The office will implement special protection measures with regard to documents classified as secret.

/Article 36./ Investigations carried out by the Office of the National Commissioner for Human Rights as well as procedural work will be verified with absolute discretion taking into consideration the citizens as well as public offices and organizations.

/Article 37./ The correspondence of and the calls to the Office of the National Commissioner for Human Rights cannot be censored or interfered with.

//Chapter V

Responsibilities of the authorities and officials//

/Article 38./ When a complaint shows abuse of power, arbitrariness, legal mistakes, negligence, or omissions on the part of a public official, the Office of the National Commissioner for Human Rights will address the superior of that official and make recommendations so that proper corrective measures may be adopted.\

/Article 39.-/ Any official who obstructs investigations conducted by the Office of the National Commissioner for Human Rights by refusing to provide requested information or to facilitate the office's access to files or necessary administrative documents, or who acts negligently, will incur in the crime of disobedience. The Office of the National Commissioner for Human Rights will issue precise information to the Prosecutor's Office so that pertinent action is adopted.

/Article 40./ Whenever the Office of the National Commissioner for Human Rights learns of any presumably criminal action, it must immediately report it to the prosecutor general.

/Article 41./ The prosecutor general will inform the Office of the National Commissioner for Human Rights periodically and whenever this office may request information of the status of cases initiated by the office.

//Title V

On recommendations and reports

Chapter I

Recommendations//

/Article 42./ The Office of the National Commissioner for Human Rights is not authorized to modify or annul actions or resolutions of the administration, but it can suggest a modification of opinions resulting in actions and resolutions. The office cannot modify legal sentences either, but it will watch for the people having free access to jurisdictional agencies and see that these act with due diligence and procedural celerity.

/Article 43./ Based on the results of investigations, the Office of the National Commissioner for Human Rights will be able to make recommendations and suggestions to the authorities and public officials. The authorities and officials will have the obligation to answer in writing within one calendar month.

/Article 44./ The Office of the National Commissioner for Human Rights will report to the interested party about the results of its investigations and about any answer provided by implicated officials or authorities except in cases when this information is considered secret.

//Chapter II

Reports//

/Article 45./ Reports on the general human rights situation presented to Congress will be made public and so will be all reports on special situations of general interest. Individual cases will be published when the authorities do not take recommendations into consideration, always safeguarding human rights.

//Title VI

Human and Financial Resources and of Economic Cooperation//

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//Chapter VI

Human Resources//

/Article 46./ The Office of the National Commissioner for Human Rights will freely appoint the alternate delegates, advisers, required technical personnel, and other human resources that the institution requires according to the regulations and within budget limits.

/Article 47./ The personnel working for the Office of the National Commissioner for Human Rights will have the labor rights and guarantees established in the laws of the Republic and the respective internal regulations.

/Article 48./ Personnel working for the Office of the National Commissioner for Human Rights will be subject to conditions, obligations, and benefits established in the Honduran Social Security Institute and the Public Employees and Officials Retirement and Pension Institute.

//Chapter II

Financial Resources and Economic Cooperation//

/Article 49./ The patrimony belonging to the Office of the National Commissioner for Human Rights will be comprised by the following resources and properties:

a. Budgetary assignations in the General Income and Expenditure Budget of the Republic;

b. Resources from contracted loans or from national or international financial cooperation agreements;

c. Inheritances, legacies, and donations granted; and

d. Aid for international organizations and friendly countries.

/Article 50./ The financial resources of the Office of the National Commissioner for Human Rights may be deposited in any bank of the National Financial System.

These resources will be used to finance administrative, technical, and promotional activities and in the protection, dissemination, and education in human rights and duly approved projects.

/Article 51./ The Office of the National Commissioner for Human Rights will have an independent annual budget for its functioning that will be incorporated to the General Income and Expenditure Budget of the Republic.

The preparation, administration, and execution of the budget is the responsibility of the Office of the National Commissioner for Human Rights, which must present a report on its execution to Congress and to the institutions established by the law.

The Office of the National Commissioner for Human Rights will decide the remunerations to its personnel.

/Article 52./ The Office of the National Commissioner for Human Rights may sign economic cooperation agreements with national and foreign institutions, informing about these, and following the procedures established by the Foreign Affairs Ministry and later approval by the National Congress.

//Article VII

Transitory and Final Dispositions

Single Chapter//

/Article 53./ Until this law becomes effective and the Office of the National Commissioner for Human Rights is elected by Congress, the commissioner appointed by the executive branch will continue in the post.

/Article 54./ //Transitory//. Personnel working for the Office of the National Commissioner for Human Rights at the time this law becomes effective who are being paid with international funds will have their time of service calculated from the beginning of their labor relationship.

/Article 55./ In cases not envisaged by this law, what the Constitution and the laws establish will rule.

/Article 56./ All legal dispositions opposed to this law are hereby derogated.

/Article 57./ The present decree will go into effect once it is published in the LA GACETA official daily.

National Congress

Republic of Honduras, Central America

Decree No. 153-95

Issued in Tegucigalpa, Central district Municipality, in the Sessions Room of the National Congress, on 24 October 1995

Carlos Roberto Flores Facusse

President

Roberto Micheletti

Secretary

(name indistinct)

Secretary

To the Executive Branch

Therefore: Let it be enforced.

Tegucigalpa 1995

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Carlos Roberto Reina Idiaquez

Constitutional President of the Republic

The Government and Justice Ministry.

Nicaragua

Minister Thanks U.S., Others for Negotiating Debt Purchase

PA0811181295 Managua Radio Nicaragua Network in Spanish 1130 GMT 3 Nov 95

[From the "620 Newscast" newscast]

[FBIS Translated Text] Nicaragua has sold off 73 percent of its commercial debt. Foreign Cooperation Minister Erwin Kruger reports that the country is once again creditworthy:

[Begin Kruger recording] Citibank and other banks reported at 1700 yesterday that they had agreed to buy the Nicaraguan Government's foreign debt. We opened the market this morning with 73 percent of our debt sold. [applause] [end recording]

Kruger and all of the ministers are applauding the commercial banks' decision:

[Begin Kruger recording] These past few weeks have seen intense negotiations and tension [words indistinct] has been my formidable partner during these negotiations. We were told yesterday that our proposal had been officially introduced and accepted. We wish to thank Citibank very much for getting this last group of banks interested in the transaction, as part of the negotiations with all foreign banks. We will eventually report the outcome of the continuing talks. We invite all of you to participate in the afternoon session next Monday, when we will report on the result of this successful operation involving our commercial debt. This operation is unique in that it is the first such operation where a debt is exchanged for money. This operation does not include a conversion clause: It is just an exchange of debt for money [words indistinct] we crowned yesterday's work successfully. We wish to thank the German, Dutch, Swiss, and Swedish Governments, which helped with the financing. We also thank the Inter-American Development Bank and the World Bank. The U.S. Treasury proved a very active participant in the negotiations [words indistinct] the participation of Deputy Assistant Secretary James Fall was key to this operation's success. We have been tremendously successful: This success will benefit Nicaragua's future. We must celebrate. We are again inviting international banks to participate actively in transactions with the Nicaraguan Government. We had expected the debt to [words indistinct] next year. The credit risk from the Paris Club is much better for Nicaragua, and commercial credit for Nicaragua can be reopened after having been closed for 18 years. Thank you. [end recording]

Foreign Minister Confident U.S. Not To Suspend Aid

PA1411010695 Managua LA PRENSA in Spanish 10 Nov 95 p 11

[Report by Roger Suarez M.]

[FBIS Translated Text] Foreign Affairs Minister Ernesto Leal yesterday said that he does not believe that the United States is going to cut its aid to our country due to the pressure exerted by Senator Jesse Helms and congressmen of that country who believe that the administration of Violeta Chamorro has failed to do enough to resolve the property conflict.

"I am not the least concerned that U.S. aid will be suspended. We maintain a close relationship; we have a new type of relationship, and we are moving forward with bilateral issues," Leal responded as he was questioned on the hearing the U.S. Congress held on 8 November, in which criticisms of Nicaragua abounded.

The foreign minister made these statements after having participated in the solemn session the National Assembly held in recognition of the European Union.

At the hearing the House of Representatives' Western Hemisphere Affairs Subcommittee held, the participants asked Nicaragua to expedite the return of goods the Sandinists confiscated from U.S. citizens.

Foreign Minister Leal responded that "we do not see any problem" with bilateral issues, such as the property issue, about which the North Americans are concerned. "We do not see any problem; we are moving forward, and we must make substantial progress. We hope that by 1997 we can leave a fully resolved property conflict to the next government."

The chief of Nicaraguan diplomacy maintained that the pressure exerted from the ranks of the U.S. Congress has not increased, adding that those congressmen who criticize the achievements of the Chamorro administration regarding the property issue are the same congressmen who have been supporting Senator Helms' position.

Leal counted slightly more than 1,000 claims filed by North Americans, including those filed by Nicaraguans who have obtained U.S. citizenship. "We have resolved more than 600 cases, almost 700 cases. The matter is that we want to continue to move forward based on such more solid foundations as the privatization of Telcor [Nicaraguan Telecommunications and Postal Services Institute] and the new Law on Property," he affirmed.

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The estimated aid the United States will grant to Nicaragua in 1996 amounts to approximately $30 million, which in order to be allocated, President Bill Clinton needs to certify that the government of Chamorro has taken substantial steps to resolve the property claims filed by U.S. citizens.

Nicaragua, according to its foreign minister, has not received any official information from the Clinton administration indicating the suspension of these funds. I do not think they will suspend it" — the aid — he stressed.

"If they want the tax revenues from our citizens to be allocated to Nicaragua, then they had better resolve the pending appropriation cases," said Dan Burton, who is the head of the subcommittee that discussed the Nicaraguan situation, on 8 November.

Democrat Victor Frazer, from the U.S. Virgin Islands, who is also a member of the Western Hemisphere Affairs Subcommittee and who uttered stronger statements against Nicaragua, assessed that "I do not believe we should continue to help Nicaragua as long as these matters are not resolved."

During the same hearing, the major influence Sandinists have on the Nicaraguan judicial system was also reported.

Officials on Property Law, Possible Suspension of U.S. Aid

PA1411171595 Managua Canal Dos Television in Spanish 0045 GMT 10 Nov 95

[From the "TV News" newscast]

[FBIS Translated Text] While the property draft bill continues stashed away in the National Assembly deputies' seats, the Foreign Affairs Committee presided by Senator Jesse Helms in the U.S. Congress has already begun to discuss whether it would be convenient to once again condition aid from that country to Nicaragua if the government does not expedite resolving claims by U.S. citizens whose properties were confiscated by the Sandinists.

Even though the government shows concern, it has ruled out the possibility that the $30 million in aid programmed for 1996 may be suspended.

[Begin Foreign Affairs Minister Ernesto Leal recording] We believe that U.S. aid will not be suspended. We firmly believe it should not be suspended because this aid benefits the Nicaraguan people. Nevertheless, we notice that there are people who would like to see it suspended. We believe that the property issue up to July has been substantially advanced and we now await National Assembly approval of the new property law in order to advance substantially in accordance with this new law. [end recording]

But as far as the president of the National Assembly is concerned, the priority is not the opinion of U.S. congressmen.

[Begin National Assembly President Luis Humberto Guzman] I believe that it is the Nicaraguans and not the North Americans, who stand to lose the most by the approval delay of the property law. I am not concerned about U.S. voters, I am not concerned over Senator Helms, I am concerned with solving the problems of Nicaraguan citizens. [end recording]

Once again Guzman promised that the law will be approved before the end of the current legislative period.

Nation Asks Russia To Write Off 88 Percent of Debt

PA0911201995 Managua EL NUEVO DIARIO in Spanish 6 November 95 pp 1, 8

[Report by Nelson Hurtado Brizuela]

[FBIS Translated Text] Mikhail Sarafanov, Russian deputy minister of Foreign Economic Relations, was at the helm of the delegation that visited our country to negotiate Nicaragua's debt with the Russian Government. According to an aide-memoire signed by the two parts at the Foreign Cooperation Ministry on Saturday, Sarafanov only took the proposal to reduce the said debt by 88 percent.

After two days of intense negotiations, the Russian part stated objective considerations regarding the evaluation of economic relations between the two countries. The Russian delegation assessed Nicaragua's current circumstances regarding existent debts with international organizations and other countries that have been flexible regarding a reduction in the real amounts of the Nicaraguan debt.

Deputy Minister Sarafanov had to leave earlier at the request of his government because his presence was required to close a work program with the IMF. Sarafanov voiced his satisfaction over the topics discussed during the negotiations, and said that even though the parts had not signed yet a final agreement "with new material, I am taking proposals that will be used to analyze and reach a solid agreement between the two countries in the near future."

Sergio Mario Blandon, who attended the meeting as representative of the Nicaraguan delegation, stated his gratitude for the opportunity of this new contact with the Russians. Blandon added that "although he felt quite

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pressured, as the visit was cut from one week to two days," he was pleased because the negotiations had been conducted in a climate of reasonable understanding.

He explained that the proposal taken by the Russians contains an agreement to reduce the debt by 88 percent, although Nicaragua is asking for a 95-percent cut. In addition, the proposal stipulates that future payment deadlines will be increased from three years to five or seven years.

He also stressed that the Russian delegates are interested in reaching a consensus on the amounts of the loans negotiated between 3.3 and 3.4, the discount rate of the Nicaraguan and Russian banks, respectively.

A fourth and probably last work session was slated in Moscow for March 1996.

Ministers Review Joint Mexican Cooperation Agreements

PA0811172395 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 2 Nov 95

[Passages within quotation marks recorded]

[FBIS Translated Text] It was noted during the first ministerial-level meeting between Nicaragua and Mexico that Nicaragua has benefited tremendously from its cooperatiom with Mexico. Foreign Minister Ernesto Leal pointed out that Nicaragua is the first country to benefit from increased Mexican cooperation. Officials from both countries set new cooperation goals and assessed the progress of various projects aimed at eradicating poverty:

[Leal] "Mexico will finance housing construction and continue to import buses, as well as maintain a line of credit through the Central American Bank of Economic Integration. It was also agreed to continue working toward a free- trade agreement with Mexico. Negotiations on Mexican market access to Nicaraguan products — such as meat, sugar, beans, and ethyl alcohol — will start immediately."

Mexico cooperates with Nicaragua on 122 projects in various areas. Trade in Mexican crude oil was also discussed:

[Deputy Economy Minister Eduardo Belli] "The Mexican Government reported that the agreement to sell crude oil to Nicaragua has been renewed. This is in addition to the cooperation that we are receiving from the Venezuelan Government in this area."

Nicaragua will sign a free-trade agreement with Mexico in the coming months so that Nicaraguan products can be sold on Mexican markets. Drug trafficking and money laundering were also addressed during the talks with Mexican officials:

[Deputy Government Minister Frank Cesar] "We signed an agreement that will go into effect this year, through which the Mexican Drug Trafficking Institute will train the national police to work with dogs. More personnel will then be able to handle the dogs. They will de assigned to the international airport and border checkposts to intercept drugs."

Nicaragua's hotel industry will also receive technical assistance.

FSLN Departmental Leaders Propose Ortega Candidacy

PA1311150195 Paris AFP in Spanish 1634 GMT 10 Nov 95

[FBIS Translated Text] Mangua, 10 Nov (AFP) — Former President Daniel Ortega Saavedra was named presidential candidate for the Sandinist National Liberation Front (FSLN) for the general elections of 1996, FSLN sources confirmed on Friday. FSLN departmental leaders proposed Ortega's candidacy, which would have to be ratified by the mass consultation with the party's rank and file members to be held next February.

Ortega's nomination arose following several months of indecision and search of a candidate without ties to the FSLN who would accept to represent the largest and best organized party in the country, Sandinist Radio Ya Director Carlos Guadamuz revealed.

The FSLN "went knocking on doors, almost kissing the feet of some of the bourgeois elements, but they, representatives of what they are, slammed the door in our face," Guadumuz noted with bitterness in a radio statement.

"This is the result of the much talked about search for candidates: Begging on our knees before the bourgeoisie. We must not grovel to seek candidates outside the FSLN," stressed Guadamuz, a personal friend of Daniel Ortega.

The controversial director of the Sandinist radio station said the FSLN currently has a 25 percent voter preference and a membership of 300,000.

Ortega, 50, ruled the country from 1884 to 1990 in the midst of an armed conflict and was defeated in the 1990 elections by a coalition of parties that endorsed current President Violeta Barrios de Chamorro. When the FSLN took power through armed means, Ortega presided over the Junta of Government comprising well-known politicians and businessmen, who later moved

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away from the Sandinists over disagreements regarding the political handling of the revolutionary process.

Pastora Officially Nominated MAD Presidential Candidate

PA0911222595 Managua LA PRENSA in Spanish 6 Nov 95 p 2

[FBIS Translated Text] The Democratic Action Movement (MAD) yesterday officially nominated Eden Pastora Gomez, the legendary Commander Cero, its 1996 presidential candidate.

MAD yesterday held its National Congress at the Olof Palme Convention Palace with the participation of nearly 1,500 people.

Pastora said he will undertake a "revolution of honesty" and said he is sure the MAD will win the general elections in the first round.

The first round of the general elections is scheduled to be held in October. To win, a candidate needs to obtain over 45 percent of the valid votes.

"We will win in the first round with more than 50 percent," Pastora said.

MAD's government platform includes the creation of a ministry dedicated to youth and women, the promotion of sports, a commitment to social development, and obtaining foreign funds to put the national economy on its feet.

Former Diplomats Accuse Envoy to Italy of Corruption

PA1311143295 Managua LA PRENSA in Spanish 8 Nov 95 pp 1, 14

[Report by Freddy Potoy Rosales]

[FBIS Translated Text] A real scandal has broken out due to charges of alleged corruption, usurpation of functions, and embezzlement of Foreign Ministry funds against Nicaraguan Ambassador to Italy Humberto Carrion McDonough.

Walter William Navas Navas and Salvatore Napoli Napoli, former Nicaraguan diplomats in Italy, presented to the National Commission Against Corruption headed by Miriam Arguello a number of charges with documents which, according to them, prove the alleged corruption by Ambassador Carrion McDonough.

Navas was first secretary of the Nicaraguan Embassy in Bulgaria and later became minister-counselor at the same embassy from 1984 to 1990. He was transferred from Bulgaria to Italy with the same post in 1992. Napoli, who lived in Nicaragua for some time, was appointed Nicaraguan honorary consul in Turin, Italy, on 1 July 1992 when Enrique Dreyfus was in charge of the Foreign Ministry.

In the charges presented to Arguello, Navas stated that from January 1993 to August 1994, he witnessed several systems used by Carrion McDonough to illegally obtain funds.

According to the former diplomat, Carrion McDonough illegally obtained the funds "through special fees charged to customers for urgently needed services for which most of the public would be willing to pay in his offices."

The document submitted to Arguello indicated that Carrion instructed his secretary, Ligia Calderon (an Ecuadorean retiree), to charge customers sums ranging from $10 to $150 (sometimes even $250) for services involving commercial invoices.

The collected sums to which Navas and Napoli refer were supposedly used to cover the diplomatic mission's expenses. However, the fate of the Foreign Ministry budget allocations for these expenses is unknown.

After learning about the charges filed by former diplomat Walter Navas, the Foreign Ministry issued a communique on its position, indicating that it is willing to provide all the documents that Miriam Arguello, head of the anticorruption commission, requests.

The Foreign Ministry stated that the Nicaraguan diplomatic missions are selectively and periodically audited. "In the case of the embassy in Italy, the internal auditing office is conducting a review of the funds allocated by the budget in 1994."

Regarding the charge of consular fees for "urgent attention" to the public, the Foreign Ministry maintained that "it has been an administrative practice to establish a reasonable surcharge for consular services provided in special circumstances."

"These funds must be registered and transferred to the central government's accounts in a timely fashion. There will be an evaluation to determine whether the charges are reasonable and how timely the funds have been transferred."

Regarding the creation of a Chamber of Commerce, it was indicated that it was established by all the Central American embassies and its directors and members were selected by all those embassies and not by Ambassador Carrion.

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Panama

President Interviewed on Economy, Talks on Bases

PA0911044195 Panama City Telemetro Television Network in Spanish 2300 GMT 8 Nov 95

["Exclusive" interview with President Ernesto Perez Balladares by Telemetro News Director Dorita de Reyna in Panama City on 7 November; from the "Telemetro Reports" newscast — recorded]

[FBIS Translated Text] [Reyna] Mr. President, you have done a lot of traveling in recent months seeking investments. But here people think that problems are increasing. The increase in unemployment is more evident each passing day, and those who work even feel that what they make is not enough to make ends meet. Will this search for investments yield results and in how long?

[Perez Balladares] We will talk about that issue later on, Dorita, but allow me to begin this interview with something I believe it is important we clarify. I am referring to the change of salary of the ministers. And I say change of salary because I am returning them to what their salary was before.

In a measure adopted at a difficult moment for the country, President Endara cut salaries and set them at a level he considered appropriate. What I did last year was to try to return ministers' salaries to the level they originally had and there were many protests. Consequently, I decided to postpone the effective date of that increase, if you will. And I have done it once more now.

I believe that no moment is good for that type of salary increase for ministers, especially because it causes envy among many people. And I understand this, but believe me that my effort and my work — that is what comes to mind in the first place — is to try to improve the standards of living of all Panamanians, not cut the salaries of those making more money. On the contrary, I am working to increase the wages of those earning low salaries. And I also believe that what is considered a good or bad salary is very relative. This will depend very much on what you are able to accomplish as an individual for that salary.

I measure my ministers, day after day, in terms of their efficiency, capacity, and honesty. And believe me, they are at least worth every penny they are making if not more, because, in comparison with salaries earned in the private sector, all businessmen at the level of a minister of state make more money than ministers.

Having said that, allow me to say something else. The only person who feels fully rewarded with the confidence and affection the Panamanian people entrusted to me on 8 May is myself, and my salary will not increase. Moreover, you asked me why did I have these checks here. I wanted to show them to you. These are the checks of my salary. I don't cash them and when I cash them, I usually give them away to some charity fund...

[Reyna, interrupting] Mr. President, you jumped ahead to one question...

[Perez Balladares, interrupting] Wait a minute! Now I am going to refer to your original question. I believe that the important thing is to achieve a level of efficiency and work that will result in resolving the problems of the Panamanian people, and my team is working very hard in this regard. Now, going back to your question, it is true that we have been forced to make many trips out of the country. Believe me, in all honesty — I believe most of the journalists and businessmen, who also accompanied me there at their own expense, can vouch for this — we did not go there on vacation. These were not pleasure trips. We went there to promote, to explain the new economic structure we are developing in Panama, the new possibilities that exist with the reversion of all areas, the plans we have for the use of those areas, in sum, all the positive investment prospects in Panama.

When will these investments occur? Well, the investment process in the private sector, as you very well know, takes some time to materialize. I cannot predict when investments will be made. I may assume...

[Reyna, interrupting] But what does this depend on, for example?

[Perez Balladares] I may assume that in the medium term — six months, one year, one and a half year — investments will begin to come. Indeed, there are commitments for the arrival of investors to Panama. For instance, in the areas of Fort Davis and Fort Espinar, we have concrete commitments from the Taiwanese who will come to build an industrial park. Evergreen will also build a new port in Colon. A representative from Evergreen will come next month to finalize the last details of the construction.

Investment in any country depends on many things. It will also depend on us, Panamanians. It will depend on our being ready to offer our work and positive contribution to make those investments profitable. It will depend on the fact we have security in the country; it will depend on the fact we have political stability; it will depend on the fact we are honest.

[Reyna] Speaking about security, Mr. President, one of my questions in this interview is: There is a growing

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wave of violence in the country. Everyone is concerned about this. This has to do with security...

[Perez Balladares, interrupting] Yes, of course.

[Reyna] You have said it is important to resolve this problem in order to attract investors. It is also important to resolve this because all Panamanians are concerned about this. What will the government do in the short-term to tackle this problem?

[Perez Balladares] Well, let us start from the beginning on that issue. There is — whether we like it or not — a sense of apprehension in the face of any strengthening of the Public Force. In the face of control actions, tough actions on the part of the police, there is immediately some kind of expectation — I am not accusing the media alone but I believe the national climate is partly responsible for this — because people think we are somehow going back to periods we don't want to relive. Somehow, people relive those images of the Noriega times and the problems of those times. And we don't want this, of course.

Consequently, I have formed a commission — which is working — to review the Public Force bill, particularly the Police bill. I hope this commission will not only do that but I hope we can hold a great national discussion on the security measures we can adopt. It would be useless to hire 1,000 or 2,000 new policemen if we don't work together with society to fight crime at all levels. If we don't work together in this regard, we are bound to fail. Thus, we would be allocating resources we could earmark for education, health, or housing for paying policemen.

There are other things that have to do with this. For instance, it is very difficult for a policeman to see that the criminal who perhaps he arrested at the risk of his own life, is set free a few days later. It is very difficult to see that people involved in murder and horrendous crimes, are back on the streets in relative short periods of time. I am...

[Reyna, interrupting] Or they are never arrested.

[Perez Balladares] Or they are never arrested. But it is worse yet that after being arrested for some time, they are set free after spending very little time in prison. We have informally presented the idea to review the Penal Code. This would permit us to impose stiffer penalties, to even think about the possibility — this is an issue Panamanians must debate — that in the case of horrendous crimes or drug-related homicides, the death penalty may be applied. One of my ministers already said this, and immediately a spokesman for the Catholic Church came out and said — I did not hear him but I was told he said it — that to even think about applying the death penalty was anti-Christian. I am a Christian and a Catholic. I want to tell that spokesman...

[Reyna, interrupting] Are you a practicing Catholic?

[Perez Balladares] I am also a practicing Catholic. I go to mass every Sunday and try to act following the teachings of my Church, as sinners we all are. But I want to tell you something, I want to tell that spokesman for the Church who, I was told, came out to say it was anti-Christian to think about stiffer penalties that on page 498 of the new catechism of the Catholic Church, point number 2266 says specifically that it is a right and an obligation of governments to impose penalties in line with the crimes committed, including the death penalty.

[Reyna] Mr. President, speaking about the Church and speaking about the salary increase for ministers, which was going to be one of my questions but you jumped ahead...

[Perez Balladares, interrupting] That is because I read your mind.

[Reyna] Speaking about the salary increase, the Church has said that the gap between the rich and the poor in Panama is widening each passing day, and if I am correct, they blame your government for widening that gap. What do you have to say about this?

[Perez Balladares] If this was true, I believe it is unfair. I don't think this has been the intention of the Church. I reiterate that I maintain religious ties and ties of friendship with many spokesmen for the Catholic Church and other churches, but I am a Catholic. I talked to Monsignor Jose Dimas Cedeno about this issue, and he told me that in the first place, this is not a dogma of the Church. In other words, this is not a teaching you must observe mandatorily. It is just an opinion of a group of bishops, not even the Bishops Conference as a whole. I respect the opinion of these bishops, but I don't share this view, as I told Msgr. Dimas Cedeno. I also demand that our opinion be respected. I don't think the Church statement said our government is responsible for widening the gap between the rich and the poor.

I do believe that there is a very bad distribution of national wealth. I also believe that there is a bad distribution of income. I feel that we are conducting the necessary efforts to increase the income of those who have less without taking it away from those who have more. Of course, this cannot be done in 14 months, and we cannot assume that during my five-year administration we will be able to change to situation completely. We will pave the way, and whoever follows me will have to continue, and eventually close the gap that has been widening for generations.

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[Reyna] Mr. President: Changing the subject, with regard to the exploratory talks for the continuation of military bases, what results do you preview?

[Perez Balladares] Look. On that subject, I cannot predict the future. What I have done is act with responsibility. I cannot overlook the fact that all the opinion polls have shown that Panamanians are in favor of conducting studies on whether there should be U.S. presence in Panama beyond the year 2000. That is not the only thing that the polls have shown. I understand that when replying to that question, Panamanians who say that they want U.S. presence in Panama do so on account of some economic benefit. Consequently, I am acting in accordance to that mandate I perceive. I am exploring the possibility of having both things: A U.S. military presence that will represent an economic benefit for the Panamanian nation.

I have also said on other occasions that our public or national security interests are not protected or linked to U.S. presence in Panama, neither is the security of the Panama Canal. Therefore, the only benefit I perceive from that presence is that: economic benefit. If there is no economic benefit — this is where I am trying to lead my answer Dorita — then there is no reason for a base or U.S. military presence in Panama. I cannot, however, anticipate what will happen. You can be sure that if these talks, which are exploratory...

[Reyna, interrupting] And how long will they last, Mr. President?

[Perez Balladares] They will last two days. They are scheduled for 30 November and 1 December. If we do not foresee any benefit for the Republic of Panama, I will come forward and say so, and the subject will be closed. In that manner, we will at least be complying with a necessary phase in the life of the Republic.

[Reyna] Will Gilberto Guardia's resignation as administrator of the canal affect the transition plans?

[Perez Balladares] Yes, it will. It would be naive for me to say otherwise. Gilberto resigned, but not now when it was publicly announced. He did so a few months ago, for very personal reasons. On that occasion I asked him to reconsider his decision — you can corroborate this with him — which he did, but his answer was no. He told me that he wanted to go back to his private business, and that he would give me a reasonable time to seek his replacement.

[Reyna] Mr. President, are there any names?

[Perez Balladares] Yes, but only in my mind. I cannot mention anyone yet until I make a decision — which is my responsibility — on who I will nominate.

[Reyna] Do they know you are considering their names?

[Perez Balladares] No, not yet.

[Reyna] They are only in your mind.

[Perez Balladares] Only in my mind.

[Reyna] Regarding the law on libel and slander. It is possible that the Panamanian people are not fully aware of the meaning of this law. The media, however, those of us who work in the media, the owners of news media, and all journalists are very concerned about the law on libel and slander presented by the Executive...

[Perez Balladares, interrupting] Let me brief you on this, give me a chance to say this, otherwise, it will not be clear. Before taking office I visited the various media sources, including Channel 13. I said it was my intention to respect freedom of press, which we have done. I also said that it was my understanding that one of the things my government wanted to do was to eliminating the gag laws, the famous laws that have been mentioned as laws that curtail freedom of expression and freedom of press. Obviously, the counterbalance for those conditions should be the media showing responsibility for what is said or done by a source. We all agreed on that principle. After I took office, there were four or five meetings here at the Presidency with the owners of media sources, in order to give shape and try to materialize what was only an idea.

We reached an agreement in a bill which they submitted to my office. Once here, it was reviewed by the Ministry of the Presidency and some changes were made. The basis of that bill is the depenalization of slander and libel. Lawyers know what I am referring to, but for those of us who are not lawyers, it means to remove the suits for slander and libel from the Penal Code. That means, no imprisonment, no arrest of reporters that have been condemned for slander and libel, and to position the suits within the scope of civil suits. Civil suits are settled with money.

[Reyna] That is right.

[Perez Balladares] They are economically compensated.

[Reyna] That is of great concern to reporters.

[Perez Balladares] No, I think what should concern them is the responsibility which that entails for the two parties. I believe that...

[Reyna] Reyna, interrupting] But do you not believe that in some way...

[Perez Balladares, interrupting] Wait, let me finish. Unfortunately during the transfer of the proposal between

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the group of media owners, our evaluation, and its submittal to the legislative assembly, changes made, and the time lapsed, made it — according to the media — different from what they originally proposed. When the regular legislative period resumed in September, I again proposed the same bill that had been sent previously and it caused all these negative feelings. I called them and I said why the negative feelings if it is the same proposal we agreed upon. They pointed out that certain things had been changed, including a proposal they had made — which had been eliminated — that the way to guarantee the economic condition was through a guarantee bond. In effect it had been eliminated because insurance companies told us that there were too many communications media, above all in radio, and that they could never issue the guarantee bonds. However, the fact that it was eliminated from the bill does not mean that they could not have one. From that last breakfast, two weeks ago, a new proposal was born which revised the proposal before the legislative assembly. A commission was named which worked on the revision and the next day there was a proposal which each and every one of the media owner now has in his possession.

[Reyna, interrupting] Yes, Mr. President...

[Perez Balladares] I am still waiting for their comments.

[Reyna] I also have that proposal and we are still concerned over Article 11 regarding civil responsibility in which we are still under the mandate of a magistrate.

[Perez Balladares] We are all under the mandate of the magistrates.

[Reyna] Yes, but this is in an ambiguous way. It says therein that one has to compensate economically the slandered person unless one can prove that one tried to avoid slander. How can you prove that? Only the magistrate will be able to determine that.

[Perez Balladares] All those judgments are subjective. That is why there is a different branch — the judicial branch. Not even the communications media is beyond good and evil. Someone has to judge them.

[Reyna] Mr. President, on that same issue regarding the media, the Inter-American Press Association [IAPA] has announced its visit to Panama...

[Perez Balladares, interrupting] I am eagerly awaiting them.

[Reyna] Because of the ESTRELLA DE PANAMA case...

[Perez Balladares, interrupting] I would like them to tell me where and in what regulation, in what law, it is written that the state has to provide an equal amount of paid advertisements to all the media. If they can show me that, you may rest assured that I will comply with the law. I took action because the circulation of a communication medium, which I will not name, had dropped to a ridiculous level. I am merely one more advertiser. Thus, I looking for a way to get the greatest profit from each dollar spent in advertising. The greatest benefit is being offered by other communication media which, I might add, also oppose my administration. However, they have more readers, therefore they receive government advertising.

[Reyna] Then, the possible economic asphyxiation experienced by the ESTRELLA DE PANAMA is not due to your administration?

[Perez Balladares] Of course it is not due to my administration.

[Reyna] Is that going to be your reply to IAPA?

[Perez Balladares] Not only that, I believe they have made a serious mistake. They have acted very irresponsibly. In good Panamanian, they have been very irresponsible. A wise saying says...

[Reyna, interrupting] Who are they, are you referring to IAPA?

[Perez Balladares] Yes, I am referring to IAPA. A very wise saying says that "he who judges without listening to both sides, even though he may judge correctly, judges badly." They have condemned me, or my administration, without even listening to our side, without even pointing out to me wherein lies the asphyxiation I have caused the medium.

[Reyna] But, they have...

[Perez Balladares, interrupting] How am I interfering with the freedom of speech which they supposedly are defending? I believe they have defended it irresponsibly. They are going to have show me. and they are going to have to demonstrate before the television cameras wherein lies the wrong done by my administration.

[Reyna] Finally, Mr. President, something which intrigues everyone. On Thursday, you went to the Prosecutor's Office and everyone wants to know...

[Perez Balladares, interrupting] Now they will say that I continue to be president even during lunchtime.

[Reyna] We are all intrigued to know what you were doing in the Prosecutor's Office?

[Perez Balladares] Look, I try to keep things separated, and I prefer to keep some of my actions private. I have a claim and I went to make a complaint against someone.

[Reyna] Could we known against whom the complaint was made?

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[Perez Balladares] I would rather not say because I do not want to make a state issue out of this, because it is not. It is not a case to be expedited in the media. It is a personal suit which should be investigated by the Prosecutor's Office and settled later in court.

[Reyna] Thank you, Mr. President for this interview with TELEMETRO.

[Perez Balladares] You are welcome. It was my pleasure.

President Holds News Conference on Political Issues, Bases

PA1311145595 Panama City TVN Television Network in Spanish 2300 GMT 9 Nov 95

[Report on news conference by President Ernesto Perez Balladares with local reporters by Luz Maria Noli, TVN Television Network news director, on 9 November; place not given; from the "TV News" newscast — passages within quotation marks recorded]

[FBIS Translated Excerpt] [Perez Balladares] "This morning, I summoned you to this conversation, because it seems to me that we have somehow lost [words indistinct] and contact. This does not do anyone any good: the media, the community, anyone. Thus, it seems to me that we should clarify certain matters to ensure that we will not step aside from reality, that words will not be misinterpreted, and, above all, that I will not be misquoted. Today we observed that the media has made a big deal about an alleged declaration of war. I want to tell you that this is the first time I am using the word war. I have never talked about declaring a war on anyone.

"At an event held by my party in the area of San Miguelito, I did say that it seemed to me that the opposition was being an opposition that [words indistinct] has rejected all the invitations we have extended to them to join us in a national concerted effort. On the one side, they are criticizing us for the sake of criticizing us, and, on the other side, they are silently asking favors of the government behind the scenes. I said that this does not seem fair to me, and that if they wanted to fight, they would have a fight. However, I have not declared war on anyone. It is not my style, nor do I believe it is advisable for our national interests."

[Noli] At a long news conference open to all questions, President Ernesto Perez Balladares broached all national issues, including the ministers' salary hikes.

[Perez Balladares] "There are many people in this country who make higher salaries and wages than those ministers make. I can tell you, for instance, that I conducted a quick poll prior to making a final decision on this issue. I polled certain banks, insurance companies, certain — Channel 2 is late as usual, but welcome — certain businesses and firms, and I can tell you that the salaries of general managers and presidents of these companies who have fewer responsibilities toward citizens than the ministers exceed $200,000 a year. I know, then, that the comparison is objectionable. I also know that a person who makes $200 or $300 a month thinks this salary is too high. I understand that. However, my idea is not that because most people earn little, I have to reduce the salaries of those who earn little, [corrects himself] I mean, who earn a great deal, so that we all will be earning little. My idea is to make those who earn little reach better standards. However, they too have to make an effort, because their salaries must be akin to their experience, studies, abilities, efforts, works — and in the specific case of my team of ministers, honesty."

[Noli] As regards the commission on minimum salary, he said:

[Perez Balladares] "We have to follow certain procedures to abide by the law on minimum salaries. Those procedures demand that there be a commission, that it perform its duties, and that the commission make its recommendations. Yesterday, I received a note from the labor minister telling me that not only had the commission followed the legal procedures but that it had passed the final responsibility of making a decision on to the government. We will be making that decision today or tomorrow. Starting next week, we should have a new minimum salary." [passage omitted]

[Noli] The president of the Republic reiterated his satisfaction with the cabinet ministers and said no changes will be made in this regard. He added that changes have already occurred at state agencies such as the IDAAN [National Water and Sanitation Institute] and DIMA [Metropolitan Sanitation Directorate]. Talking about violence, the Panamanian president said:

[Perez Balladares] "Therefore, the first thing we have to do is [words indistinct] that we have this problem. This is a problem for the government; this is a problem for society as a whole. What has yielded results in other countries that we can do to effectively counter this problem? I believe that one of the things we can do is toughen punishment. That is what I propose that we debate — not necessarily the death penalty but certainly ways to toughen punishment. I mentioned the death penalty issue because a minister — I believe it was Minister Mitchel Doens; your friend, Luz Maria — mentioned it and he was criticized for this [passage indistinct] this is not a matter of establishing the death penalty. It is a matter of debating the issue. The states

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that enforce the death penalty [passage indistinct]. The truth is that even the Catholic catechism says states have the right and duty to enforce the punishment according to the crime, including — it says so. It is there and you can read it. I mentioned it that day. I remember it is on page 498 of the new catechism, number 2266 — the death penalty. Therefore, let us debate among ourselves, the Panamanian people, our society, what we want to do to control the problem. This is an issue that has become increasingly important. I think we will achieve nothing by avoiding the discussion or disregarding the problem. The problem exists. Let us face it. Let us see what mechanisms we have as a society to face the problem and adopt a joint decision."

[Noli] Referring to exploratory talks with the United States and the permanence of U.S. bases, Dr. Perez Balladares indicated:

[Perez Balladares] "I said that when President Clinton brought up the issue during the private talks with me I said yes, we would be glad to explore the possibility, in compliance with a poll which indicates two thirds of the people would like some kind of U.S. military presence in Panama. I said I was sure the people in the poll answered like this based on their concern or possible economic benefit from the U.S. military presence in Panama after the year 2000 rather than for other reasons. This is not for national security reasons or for our citizens' security — because [words indistinct] or even for the Panama Canal's safety — only for economic reasons. I also said I understood that the issue of the economic benefits for Panama was perhaps the most difficult part for the United States.

"We must speak clearly. I believe, I know, and I am aware of the fact that they will find it almost impossible to allow direct compensation for keeping bases in Panama. Therefore, what I said was that, after the 31st... [pauses] on 30 November, this month, not in 1999 — you really twist things around — and on 1 December 1995, the exploratory talks will be held. I am sure a much clearer picture will emerge from this; and, in my opinion, there will be no bases, because there is no determination to economically compensate Panama for the bases' presence." [passage omitted]

[Noli] The Panamanian president also talked about the meeting he will hold with former president Guillermo Endara on 13 November.

[Perez Balladares] "He called me yesterday. I am inviting President Endara to come here and unveil his picture, which was already hung in my office. My secretary called him yesterday and asked him to choose when he wanted to come and with whom he wanted to come. President Endara said he wanted to come at 1600 hours on 13 November [words indistinct] and he wanted to invite his entire cabinet. I agreed. He then jokingly asked me if this meant a truce. I said tell him that there cannot be a truce if I have not declared a war. I have not even started to fight. How can there be a truce when there has been no war?

"I want to call attention, and I stress this, that it seems to me — I regret the criticism the media made of the opposition parties — that the duty of opposition parties is to give constructive criticism. I believe that the Panamanian people want positive contributions. However, if everything [we do] is wrong — if we go on a trip that is wrong, and if we do not, it is also wrong; if we do something, that is wrong, and if we do not do anything, that too is wrong — if they are just criticizing or dissenting for the sake of dissenting, it seems to me that they are failing to carry out the positive task that the citizens expect from us. At the same time [words indistinct] the media." [passage omitted]

Report Discusses Contamination of U.S. Bases

PA1311201795 Panama City LA PRENSA in Spanish 12 Nov 95 p 45

[Article by David Galvez]

[FBIS Translated Text] When he returned from his trip to the East, the president of the Republic brought — in addition to the bills that must be paid by the taxpayers — many promises of investments and some motorbikes for his boys. Among the specific achievements he announced there is one he considers the perfect model for reversion of U.S. military bases: Subic Bay.

After the Philippine Senate rejected, in 1992, the stay of the U.S. military bases, Subic Bay began to change into an industrial park and model export center of the country. This is the birth of what is known as the "Subic Bay miracle." In strictly economic terms, this would be a perfect model for the reverted areas, but let us consider it from the following point of view. The decision made by the large conglomerates of the Pacific Basin to create industrial parks overseas does not obey goodwill and wishes for cooperation. The surplus of capital must be invested in something and somewhere. The selection process for these centers utilizes the classic parameters of savage capitalism: Underpaid labor, "manageable" authorities, very broad government incentives, and a bland or nonexistent ecologic legislation. This is where the Subic Bay miracle begins to crumble.

The 84 U.S. bases that have gone through a closing or reversion process since 1988 have some constant factors. One of them is that all of the bases had environmental problems in their installations. Subic Bay was

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not the exception. In 1992, the U.S. Congress received a report that identified sites that showed environmental damage in the highest proportions (or superfund [preceding word in English] in English) on Subic Bay and Clark Air Base. This problem was confirmed by several independent studies, including an on-site evaluation done by the World Health Organization in Subic for the Environmental Protection Agency.

According to the "Report on the impact on the environment and health of the sites potentially contaminated in the Philippine bases" prepared in August of last year, the base on Subic Bay was reverted in deplorable environmental conditions.

There are reports that considerable amounts of asbestos were dumped into the sanitary fill of the workshops' center. It is public knowledge that the fragments of asbestos, microscopic particles of mineral fiber, cause lung cancer and are associated with many more diseases. In spite of that, no cleanup measures were taken before it reverted to the Philippines. The areas of Chiva-Chiva and Red Tank used in Panama as garbage dumps are probably contaminated with asbestos. Cleaning the area with sand (sandblasting) [preceding word in English] in Subic Bay is one of the many points identified as highly contaminated with solvents. The military industry uses hundreds of solvents in its regular activities, and one of the most commonly used are the chloro solvents that take such a long time to become biodegradable in the soil and water, both on the surface as well as underground. These compounds affect people's health in various manners, ranging from skin irritations to damage to the liver and blood, including cancer-related damage, birth defects, and infertility in men. No decontamination measures were taken before reversion in either the sandblasting area or other areas inside Subic Base. Rodman, Sherman, Davis, Albrook, Howard, Espinar, and other places have been identified as areas that are probably contaminated because numerous types of solvents were used intensely for decades.

Many other contaminating agents that are just as dangerous for man and the environment have been identified in various sites of the installations in Subic Bay. Many of these places were reverted without any cleanup or decontamination measures. The situation might be the same in Panama. According to the U.S. Department of Defense Panama Canal Treaty Implementation Plan, there are at least 20 places that have been identified as possibly contaminated with asbestos, solvents, heavy metals, solid fuels, explosives debris, lead, cadmium, organic toxic material, TNT, clinical waste and/or radioactive waste, as well as other highly toxic chemicals. Let us be very clear about this issue: The areas that will revert to us will have been occupied for military purposes for almost a century. Military activities have never contemplated environmental protection, either from a historical tradition or for its intrinsic nature.

Virtually every military installation around the world requires the extensive use of dangerous materials and substances. The Philippine experience must make it clear to us that no matter how much the North Americans want to appear concerned about cleaning up the bases, they will try to do and spend the least possible. We will have to be ready to hear "conclusive" arguments about all the measures that have been implemented to clean up the bases, the environmental protection standards in force in these bases, and the plans to be implemented. It is useless to have just promises or measures that have been adopted for only a few years. All the reports presented to date include a ridiculous reference to "probable contaminated sites." It is a fact that the lands to be reverted back to us are seriously contaminated. We cannot assume that the military residing on them do not know what has occurred there or exactly for what and how they are used. It would be valid to think that the last thing they are interested in is undertaking a real study on which are the really contaminated sites, their number, their location, and their content. Our much-delayed General Environment Law should establish that it is obligatory that an environmental impact study be presented prior to the complete reversion. In addition to a very complete inventory of the contaminated sites, this study must include a statement on the activities that were undertaken in them, their duration, the nature of the contaminants that were used, and a proposal on the measures that must be implemented to incorporate them. Guaranteeing the cleanup of the bases will not discourage any industrialist. Just the opposite, clean land is obviously more attractive than contaminated land. Past experiences in the United States show that the cleaning-up process and the reversion to civilian use can be undertaken at the same time, depending on the type and level of contamination. These experiences also show that although there are decontamination processes that can take several years, the commercial value of decontaminated land invariably increases.

We cannot let all the responsibility of watching over our safety and the protection of our environment fall on those who have traditionally never been known for doing these things (meaning the Panamanian and U.S. Governments). Subic Bay can be a model to follow — but a model of citizens' organization, a model of how their Nongovernmental Organizations, research institutions, and communities in general pressured their legislative bodies to demand a reversion in the best possible conditions. There is a prevailing element in community organization: the free flow of information.

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The demand for inexpensive access to information networks such as Internet and electronic mail is not a fad but a weapon. There are many means "in a democracy" to prevent the overall organization of citizens and to prevent the flow of information. That is why it is not surprising that our authorities give us half-truths, if at all. That is also why it is not surprising that when models are followed only the bad parts are implemented. How much longer will they continue to think that no one is informed here, that no one reads anything, and that we can be treated like sheep?

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Bolivia

New Central Bank Organizational Law Promulgated

PY1411185495 Cochabamba LOS TIEMPOS in Spanish 2 Nov 95 p A2

[FBIS Translated Text] La Paz, 1 Nov — Despite vigorous rejection and opposition from the Association of Private Banks, President Gonzalo Sanchez de Lozada promulgated, on 1 November, Act 1670 which deals with the Bolivian Central Bank (BCB). Under this law, "conflict of interest loans" are prohibited and BCB officials are "banned" from providing any information to the domestic press.

Executive branch officials have said that, following a heated debate in the Senate, a new BCB Organizational Law was promulgated and is now in force after nearly 70 years under the previous law.

The executive branch described the BCB as an autarchical state institution governed by public law and having an indefinite duration, full legal standing, its own assets, and legal domicile in the city of La Paz.

The BCB is the sole monetary and exchange authority in Bolivia, and is thus the leading institution in the market intermediation system having administrative, technical, and financial jurisdiction, and specialized regulatory powers of general application, to be enforced pursuant to the way and scope provided for in Bolivian law.

The BCB Organizational Law comprises 90 articles and seven titles. The specific functions of the BCB include the implementation of monetary policy, the regulation of the money supply and the volume of credit in keeping with its monetary policy. To that effect, the BCB is empowered to issue, place, and purchase securities and make other transactions on the open market.

Moreover, the BCB is charged with strengthening foreign reserves so as to ensure compliance with Bolivia's international payments.

Foreign reserves comprise gold, foreign exchange deposited at the BCB or at banking establishments outside the country in the name of the BCB, any internationally recognized reserve assets, bills of exchange, IOU's in favor of the CBC, and government securities.

Furthermore, the BCB will establish the exchange system and implement exchange policy, regulate the exchange rate between the "boliviano" and other currencies, and the procedures to determine exchange rates for the domestic currency.

The Organizational Law further establishes that the BCB is banned from granting loans to or incurring contingent liabilities in favor of the public sector. Only as an exception may the BCB do so in favor of the Treasury with the approval of the two-thirds of the present board members at a board meeting in the following cases:

a) To meet unpostponable obligations stemming from national calamities, and internal or international commotion as declared by a supreme decree.

b) To meet temporary liquidity needs within the limits established by the monetary policy.

The BCB Organizational Law also establishes limits for second-tier banks, the only function of which will be the intermediation of funds exclusively for private banks.

The ceiling for loans to private banking establishments by second-tier banks will not exceed 0.75 times the equity of the creditor bank. The latter's net worth must always be equivalent to at least 10 percent of its total assets and reserves estimated in relation to its risks.

Prohibition of Conflict of Interest Loans

Moreover, banking establishments are unable to grant loans to borrowers or group of borrowers linked to them.

The BCB Organizational Law identifies as "conflict of interest loans" the ones granted to borrowers or group of borrowers who have control of more than 10 percent of the equity capital of the creditor bank either directly or indirectly through third persons, be they individuals or companies.

All those with managerial, directive, or internal control within the creditor bank are considered borrowers with a conflict of interest which precludes them from requesting loans. This also applies to those who give permanent advice to top managers in the creditor bank and all profit-making companies in which borrowers have a stake.

The new law stipulates that the decision on borrowers — that there is or is not a conflict of interests — will be made by the Banks and Financial Institutions Superintendency on the basis of reasonable or sufficient indications of the existence of a conflict of interest between individuals and companies having a similar status to the one mentioned in the previous paragraph.

Furthermore, the BCB Organizational Law stipulates that the net worth of financial institutions shall be equivalent to at least 10 percent of its total assets and reserves, estimated according to their risks.

It also states that the BCB capital amounts to 500 million bolivianos, adding that it is nontransferable and cannot be used as a guarantee; moreover BCB assets cannot be attached.

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"Ban" for Managers

The BCB law also contemplates a "System of Breach of Administrative Regulations," under which BCB directors, officials, and employees are bound to secrecy over transactions and affairs of the BCB, financial institutions, and their transactions, as well as documents or reports related to the aforementioned institutions that they see in the discharge of their duties.

BCB directors, officials, and employees who use any confidential BCB information or the market intermediation system to their advantage or to the prejudice of the nation, the BCB, or third parties shall be liable for that.

Agent Says FELCN Involved in Narco Plane Affair

PY1411154295 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 14 Nov 95

[FBIS Translated Text] Special Antinarcotics Forces [FELCN] agents left the El Alto Airport practically unguarded on 15 September to facilitate the departure of the plane that was later seized in Lima carrying more than 4 tonnes of cocaine.

This situation became clear today following the testimony of Police Officer Ramiro Balboa, an antinarcotics dog handler, before the congressional commission investigating the scandal of the massive drug shipment that was carried out with the complicity of Bolivian antinarcotics agents.

Balboa has a record of participation in antinarcotics operations in various parts of the country for the past 10 years and his record is clean. He said a policeman called (Santiago Cori), who used to work at the FELCN, allegedly told Colonel (Alex Alipas) the names of the antinarcotics policemen who would be on duty at the airport on 15 September.

Colonel (Alipas) talked to Police Officer Balboa and another policeman called Flores at the airport. Balboa said Flores introduced him to Colonel (Alipas), who told them that an important plane with a hidden cargo was scheduled to leave on 15 September, adding that the cargo was big and very dangerous.

(Alipas) allegedly threatened the two dog handlers, saying that they and their families could suffer the consequences if they created any problems for the departure of the narco plane. Balboa said that he was afraid because (Alipas) told the two dog handlers that only they knew about the cargo.

Balboa said that two men wearing leather jackets who looked like lowland mestizos spent the whole of 14 September watching them. Balboa added that on 15 September the same two reappeared very early in the morning and stood watching the drug plane, which belonged to the Aerobol Company, from a distance of some 100 meters. These individuals were about 33, and are still at large. Balboa said he does not know who they are.

Balboa added that early on 15 September many people visited the narco plane. He said he could only identify Barba Chocas [Luis Amado Pacheco]. He said that all the others are still at large.

Balboa said that, although afraid, at 0745 he saw a number of people near the plane and decided to try to delay its departure. Balboa said he requested a flight plan and a cargo declaration, hoping to give FELCN agents time to arrive and verify if something was wrong.

Balboa said that when the policemen decided to stamp the papers, they found that all the documents, as well as the cargo, had been approved by the customs office — which is irregular because the FELCN must authorize the flight first.

Balboa said he did not dare warn his superiors of the situation because the FELCN does not protect informers. He added that various FELCN informers were hung or executed during the time he worked for Umopar [Mobile Police Units for Rural Areas] in Chapare because they did not have any type of protection.

Balboa said that while being held at the FELCN headquarters, he was hooded and taken to a room for questioning every hour. Balboa said his interrogators wanted him to incriminate various police colonels in the scandal. Balboa did not give the names of those who interrogated him or the officers he was supposed to have implicated.

Official 'Optimistic' on Meeting Eradication Goal

PY1411154395 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 14 Nov 95

[FBIS Translated Text] Social Defense Under Secretary Victor Hugo Canelas has said that Bolivia will meet its eradication goal in a month. The under secretary said the country will eradicate the required 5,400 hectares of coca plantations by 15 December. The country will then have enough morale to demand more international economic assistance. Canelas' optimistic forecast is based on progress in the eradication program based on agreements signed with the grass roots, and despite the suspension of the dialogue with coca growers.

According to an official report, as of last weekend the government only needed to eradicate an additional 1,900 hectares to reach the eradication goal. Authorities trust they will be able to fulfill their eradication goal with the help of peasants.

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Brazil

Venezuela Seeks To Expand Oil Investments

PY1411235895 Sao Paulo GAZETA MERCANTIL in Portuguese 6 Nov 95 p C3

[Report by Cesar Felicio in Caracas]

[FBIS Translated Text] Venezuelan Foreign Minister Miguel Angel Burelli Rivas has told GAZETA MERCANTIL that, starting in 1996, Venezuela may build not just one, but two refineries in Brazil in partnership with the Brazilian Petroleum Corporation [Petrobras]. Burelli's announcement shows that PDVSA [Venezuelan Petroleum, Inc.] — the Venezuelan state-owned company that controls the oil sphere — is planning to make a much more aggressive move toward the Brazilian market than that publicly announced thus far — that is, just a binational partnership to build a refinery in the northern or northeastern region of Brazil.

Petrobras President Joel Mendes Renno is scheduled to visit Caracas in December to give the final technical touches to the first refinery project. According to Burelli, these partnerships will not represent, however, Venezuela's principal, strategic objective on the continent, which is the formation of a binational company that will operate under the name of Petroamerica. The refineries to be built in Brazil will be primarily focused on the Brazilian domestic market, and Petroamerica has been conceived as a tool for Brazil and Venezuela to deal with third countries.

According to Ramon Illarramendi, a special adviser to Venezuelan President Rafael Caldera, offshore prospecting in the region adjacent to Tortuga Island, on the Venezuelan coast, could be the first step toward creating Petroamerica. Illarramendi said this would be a perfect association because it would bring together Petrobras' offshore prospecting technology and PDVSA's refining technology. Nearly all of the fields exploited by PDVSA in Venezuela are on shore.

The possible association with Petrobras in offshore prospecting is not linked to the outcome of a bidding process for the prospecting of 10 oil fields in Venezuelan territory, with a potential estimated at 40 billion barrels, in which Petrobras is taking part. The outcome of the tender will be made public in January.

As another sign of the closer Brazilian-Venezuelan ties in the oil area, Venezuela is expected to become, this year, the second largest supplier of oil to Brazil — being second only to Saudi Arabia — with sales estimated at 120,000 barrels.

Despite the great significance attached by the Venezuelan Government to cooperating with Brazil in the oil area, Brazil will not take part in the first PDVSA concrete project within Mercosur [Common Market of the South]. In remarks to the local newspaper EL UNIVERSAL, Burelli said President Caldera will officially confirm, during his visit to Uruguay the first week of November, that PDVSA will build a refinery in Uruguay to cater to Mercosur member countries. The refinery will be built in partnership with the Uruguayan Government's designated counterpart in the oil area.

Apart from Brazil, Venezuelan oil exports to Mercosur member countries are quite modest. In 1994, oil exports to Argentina totaled $16.1 million, $4.5 million to Uruguay, and absolutely nothing to Paraguay. Exports to Brazil, which are expected to increase by approximately 50 percent this year, totaled $450.9 million in 1994.

New BNDES President Outlines Objectives

PY1511020995 Rio de Janeiro O GLOBO in Portuguese 7 Nov 95 p 32

[FBIS Translated Text] The new president of the National Bank for Economic and Social Development (BNDES) Luiz Carlos Mendonca de Barros announced that he intends to continue with the discussions within the government regarding the creation of a privatization fund for anticipating disbursement of funds that will be collected through the sale of public companies. Following his installation ceremony, Mendonca de Barros explained that the fund would issue debt bonds guaranteed by the shares of the companies that will be privatized. The shares would only be purchased in the auction of the company to privatized. Mendonca de Barros, the main generator of the privatization fund idea, was installed as BNDES president, replacing Edmar Bacha on 6 November.

Nearly 500 people were present at the ceremony, including Rio de Janeiro Governor Marcello Alencar and five ministers: Jose Serra, of Planning; Pedro Malan, of Finance; Sergio Motta, of Communications; Paulo Renato de Souza, of Education; and Clovis Carvalho, of the Civilian Household. Central Bank President Gustavo Loyola and all the Central Bank directors were also present at the ceremony.

Mendonca de Barros said he expects that next year the BNDES will grant $7 billion worth of loans, 40 percent more than the R3.5 billion granted this year. The bank will have to seek new financing sources beside the current ones, he said.

"In the next few years, the role of the BNDES in the development of the economy will be essential. That is what led me to this act of insanity, of leaving my old job and of coming to work here," he joked.

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Minister Serra and Mendonca de Barros stressed the need to reformulate the BNDES. One of the ideas under study is to turn the BNDES shareholder of the projects it finances.

Mendonca de Barros said that he sold his share participation in the Matrix Bank to the other bank partners. According to him, his participation in the bank, which was 24 percent of the bank capital, was sold to the bank holding.

In his speech, Mendonca de Barros pointed out five priorities: to increase financing for exports; to finance private investments in infrastructure; to administer the privatization program; to finance small and medium-sized companies; and to help raise the standard of living of the poorest regions and people of Brazil.

Official Statistics Said To Distort Public Debt Figures

PY1511020795 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Nov 95 Section 2 p 5

[Article by Gustavo Patu]

[FBIS Translated Text] The official statistical figures that are used for backing the thesis that the public debt is small entail several numerical manipulations. By the government rhetoric, the debt is small if compared with the size of the Brazilian economy and with international average figures.

For example, according to Central Bank documents, the domestic debt in federal government securities — the most serious source of concern regarding the public debt — is equivalent to only 11.9 percent of the GNP (Gross National Product, which measures national wealth).

The details of the calculations for this figure reveal that the GNP value used by the BC is of 827.6 billion reals [R], a figure that can place Brazil in the G-7, the group of the world's seven richest countries.

According to the IBGE (Brazilian Institute of Geography and Statistics), the Brazilian GNP stood at R355.6 billion in 1994.

Based on the skyrocketting GNP used by the BC, the entire public debt — owed by state and municipal governments and by state-run companies — does not surpass 28.4 percent of the GNP.

The economic team has used these statistical figures to defend itself from the criticism of the effect of interest rates on the public debt. Francisco Lopes, director of the BC Economic Policy department, has noted that Brazilian figures are well below the international average level.

To justify his assertion, Lopes mentioned examples among developed countries: The Italian public debt is equivalent to 120 percent of the GNP. The same figure applies to Greece. In Belgium, the public debt amounts to 129 percent of the GNP. The average percentage for developed countries is of 41.9 percent — well above the Brazilian percentage.

Brazilian debt

The total Brazilian domestic debt, in figures that are valid for September, stands at R304.8 billion. This figure includes the internal and external debts owed by the federal, state, and municipal governments and by state-run companies.

If this figure is compared to a GNP of R500 billion for 1995, a reasonable value in light of IBGE figures for 1994, the Brazilian public debt will be equivalent to 60.9 percent of the GNP.

Based on the criterion of the net debt, from which credits to the public sector are discounted, the debt would be of R253.2 billion, or 47 percent of a GNP of R500 billion. This figure stands above the average figure in developed countries.

Overestimating the GNP is not the only mechanism in official statistics that can make the debt appear smaller. In the case of the federal debt, R69.6 billion were excluded at the time of calculating the "net" debt.

The value of BC reserves, $48.7 billion, was deducted from the foreign debt, while R23.3 billion — in securities that will be exchanged for state government papers issued since implementation of the Real — was deducted from the domestic debt expressed in securities.

Lobbies

Politicians and economists are behind the large number of statistical figures. For its part, the economic team believes that those who claim that the debt is "explosive" or "worrisome," are actually pressuring for lower interest rates.

The BC repelled the attacks against the growth of the federal debt in the second half of the year, when it jumped from $69.5 billion to R98.4 billion, a figure that is higher than the foreign debt.

Governors and mayors, striving for federal help to renegotiate their debts, want to prove that the interest rates set by the BC are the only reason for the growth of debts.

Lopes has said that the GNP of R827.6 billion, which is used for government calculations, is "greatly distorted."

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The figure, he said, will be corrected in next BC documents.

In a document prepared for the reportage with FOLHA, the BC stated that the GNP has been overestimated. The figure was calculated on the basis of the GNP of 1977, correcting for the inflation that has accumulated since then.

According to Lopes, in September the GNP will stand at R648.9 billion. "Some of our tables will undergo a considerable change. The difference will be of approximately 20 percent."

With the change in the GNP, the net Brazilian public debt will rise from 28.4 percent to 36.2 percent of the GNP — a figure that is close to that of the United States (37.7 percent), and that surpasses the figures for Japan, France, Australia, Denmark, and Sweden.

Yet there is a basic difference: While the United States issues securities for periods of up to 30 years, a large number of Brazilian foreign debt certificates achieve their maturity in 30 days.

The BC advocates the use of the new GNP figure, despite the apparent discrepancy with the R355.6 billion figure released by the IBGE for 1994. According to the BC, the figure released by the IBGE should be increased by 16 percent, which is the estimated inflation rate for 1995; by 5.1 percent of real growth; and by 68 percent, which is the difference between this year's average inflation rate and that of 1994.

Economist Fabio Gambiagi, member of Planning Minister Jose Serra's advisory team, has said that if an average GNP is used for a year, a comparison should also be made with the annual average debt. The economist believes that in 1995, the debt will be equivalent to 25.5 percent of the GNP.

Communications Minister Seen as Informal Political Coordinator

PY1411215195 Rio de Janeiro O GLOBO in Portuguese 8 Nov 95 p 3

[Report by Denise Rothenburg and Tales Faria]

[FBIS Translated Text] Brasilia — Less than 48 hours after resuming his duties as communications minister, Sergio Motta has informally assumed a vacant role in the administration: that of political coordinator. During the talks he held on 7 November with Senate President Jose Sarney; with Deputy Luis Eduardo Magalhaes, president of the Chamber of Deputies; and with leaders of allied parties in both houses — all told, he held 15 meetings — Motta discussed a whole range of issues from telecommunications reforms to the reelection of the president of the Republic. Lawmakers who conferred with Motta have reached the conclusion that, second to President Fernando Henrique Cardoso, Motta is the Planalto Palace political coordinator.

Senator Jader Barbalho [Para State], the PMDB [Brazilian Democratic Movement Party] leader in the Senate, said: It is clear that he is in charge of the administration's political coordination. Barbalho met with Motta for 70 minutes.

Senator Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo], the government leader in the Senate, praised Motta. He said: We missed him. No one can deny he has both political and leadership skills.

Senator Valmir Campelo, leader of the PTB [Brazilian Labor Party] in the Senate, jokingly said: He may be fat, but he is very quick.

Yet, during his meeting with PMDB leaders who demanded that Cardoso appoint a political coordinator, Motta snapped back: President Cardoso is the political coordinator. I am just a minister with an interest in politics.

Trade Official: Nation To Consider Argentine Auto Policy

PY1511013795 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Nov 95 p A5

[FBIS Translated Text] According to Foreign Trade Secretary Mauricio Cortes, even if the WTO vetoed the entire provisional measure instituting a new regulatory system for the auto industry starting in 1996, Brazil would still have other alternatives to promote exports and investments by reducing import tariffs on supplies. Cortes told the O GLOBO news agency that one way to do this would be to apply the Argentine regulatory system to all the other member countries of Mercosur [Common Market of the South].

Cortes said: "The Argentine regulatory system was established a few years ago, prior to the agreement creating the WTO. Nothing could prevent Mercosur member countries from moving toward a common regulatory system."

The provisional measure provides for imports of parts and raw material by auto companies with taxes reduced by up to 90 percent, but it requires that companies make exports and investments in return. It is believed that the WTO will characterize these incentives as subsidies, which are considered to be an unfair practice.

Cortes said: "The Brazilian Government does not believe that these incentives can be regarded as subsidies, but rather as a way of promoting exports."

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In October, the WTO objected to the adoption of a system of quotas for cars in 1995 established in the provisional measure. International analysts believe the WTO will also reject the other provisions regarding the automotive industry.

Chile

Foreign Minister on Upcoming APEC Summit, Customs Tariffs

PY1411154895 Santiago LA EPOCA in Spanish 14 Nov 95 p 11

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza left last night for Osaka, Japan, to attend the ministerial meeting held prior to the Asia Pacific Economic Cooperation (APEC) summit of heads of state and government, which will be attended by President Eduardo Frei. During its annual meeting, APEC will study the implementation of an action program to establish a free trade zone in the Pacific region before the year 2010. This subject will be put to the vote of the 14 leaders of APEC member countries (Taiwan and Hong Kong are not recognized as states) as of 16 November.

Before departing for Japan, Insulza said that Chile has a significant advantage over the majority of economies of APEC member countries because of its low customs rates. He said that in view of this, the Chilean team will seek to consolidate what has already been achieved. He said: "Chile has quite an advantage in this area because our protectionist measures are much lower than those adopted by the other economies. We are, therefore, striving to consolidate some measures which are already in force in Chile within the framework of the economic program."

New Members

In addition to reviewing the action program during the Osaka meeting, the APEC will discuss the incorporation of new members. Chile supports the expansion of the group toward Latin America, where Peru and Colombia appear as the next candidates, despite the fact that it was agreed that no new members will be accepted before 1997.

One of the hottest issues to be discussed during this upcoming meeting will be the debate on whether not to allow some production areas — such as agriculture — to be affected by the lifting of customs tariffs. This request, supported by the ROK, China, and Taiwan, is questioned by the other APEC members. They charge this group of countries with contradicting the spirit of the Bogor Declaration, which was signed during the last APEC summit, held in Indonesia in November 1994.

According to Foreign Minister Insulza, the Chilean Government understands that sensitive areas — such as agriculture — "may take longer, with regard to implementing the lifting of customs tariffs," than others. He said, however, that this "understanding" cannot impede the full lifting of customs tariffs on trade by the year 2010.

Osaka is the first leg of an extensive Far East tour that President Eduardo Frei is scheduled to undertake as of 15 November. Within the framework of this Far East tour, Frei is also scheduled to visit the Philippines, Malaysia, and China. He is to be accompanied by a large retinue.

With Garcia

Moreover, Foreign Minister Insulza, who will be traveling to Osaka in the company of Economy Minister Alvaro Garcia, will take advantage of this opportunity to hold bilateral meetings with Japanese Foreign Minister Johei Kono and U.S. Secretary of State Warren Christopher.

Although he asserted that there are no specific issues included on the agenda, Insulza said that he may hold other meetings within the framework of the APEC summit.

EU, Chilean Chambers of Commerce Sign Agreement

PY1411195495 Santiago LA TERCERA DE LA HORA in Spanish 23 Oct 95 p 35

[Report by Cecilia Coddou Schilling]

[FBIS Translated Text] Representatives of the 15 countries that comprise the EU have signed an association agreement between the European and Chilean Chambers of Commerce. The agreement provides for the creation of a Business Center or Euro-Business Center [preceding two words in English]. Hundreds of commercial meetings that will benefit Chile will be held at this center.

EuroChile Executive Director Carl Heinz Becks said this event is unprecedented. It is particularly important because "this is the first time EU members have met outside Europe seeking a jointly and coordinated task to promote commercial and technological exchanges."

He said: "We did not want to label this agreement a chamber because we do not represent chambers or compete with them; we are based on a common feeling like that which prevails in Europe."

He said the agreement will help "European and Chilean businessmen seek strategic areas of association, such as bidding for public works."

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The new agreement will help Chilean and European entrepreneurs organize their negotiations, among other activities. EuroChile will request the necessary financing for part of the negotiations. It will also call on the European Chambers to summon their chambers, which will help those companies interested in attending the round of negotiations. Heinz said: "This will ensure more successful negotiations than that achieved at the individual level."

The new business center will be chaired by an executive board consisting of the presidents of the chambers of the 15 EU countries. They will periodically meet to discuss the major guidelines and joint actions.

EuroChile will support and represent Ireland in the meetings as it has no diplomatic mission in Chile.

The European chamber's agenda includes four rounds of negotiations in Europe. The first will be held in April 1996 and will deal with public works issues: the second will be held in November 1996 to discuss food changes: two negotiations are scheduled for 1997 to analyze forestry changes and environmental issues.

Kurt Juul, the European Commission ambassador to Chile, said the European Commission "will reach agreement with Chile, not through the Mercosur [Common Market of the South]." The agreement is scheduled to be signed in the first half of 1996, when Italy will preside over the organization.

Juul said: "The cooperation agreement encompasses many areas where we can work together. It will reflect the will to create a political and economic association. I believe prospects for commercial, economic, industrial and business cooperation are good."

Irish Officials Support Bilateral Chilean-EU Agreement

PY1411201495 Santiago EL MERCURIO in Spanish 4 Nov 95 p C5

[FBIS Translated Text] Top Irish Government officials yesterday told Chilean Foreign Minister Jose Miguel Insulza of their support for Chilean negotiations to achieve a bilateral agreement with the EU.

Irish support is essential because next year Ireland will be part of the so-called troika of the EU: It will head the community during the second half of 1996.

Insulza yesterday had a heavy schedule in Dublin within the framework of his official visit to Ireland.

He met with President Mary Robinson and other high-ranking Irish Government officials, as well as with representatives of the entrepreneurial sector.

President Robinson, a community law expert, visited Chile in March this year. Hers was the first visit of an Irish president to Chile.

One of the main subjects discussed by Robinson and Insulza was the Chilean negotiations with the EU to achieve a political and economic association agreement.

"Her great knowledge of this matter can be of great support for us," Insulza yesterday said over the phone.

Dick Spring, Irish foreign minister and Labor Party leader, also expressed interest in the achievement of an agreement between Chile and the EU.

Having Ireland as president of the bloc as of next year, talks between the two countries will take on special significance in light of the Chilean Government objectives to achieve a bilateral agreement which might consider our special case.

Insulza told Spring about the current state of talks between Chile and the EU, and they reviewed bilateral issues and assessed cooperation possibilities especially in the economic field.

Wine is the main Chilean product that reaches the Irish market, and the trade balance is favorable to Ireland.

Another subject Insulza discussed with Irish officials was the Chilean candidacy for a seat at the UN Security Council as a non-permanent member.

During his stay in Dublin, the Chilean foreign minister dedicated a bust of Liberator Bernardo O'Higgins Riguelme at Marrior Square, a park outside the Irish Parliament.

In July 1991 Chile and Ireland formalized diplomatic ties and agreed to establish diplomatic missions concurrent with London and Buenos Aires, respectively.

Government Urges Acceleration in Free Trade With Ecuador

PY1511002195 Santiago ESTRATEGIA in Spanish 14 Nov 95 p 9

[FBIS Translated Text] The Governments of Chile and Ecuador are studying the possibility of accelerating free trade between the two countries at the request of their respective private sectors, almost one year after the signing of an Economic Complementation Agreement.

Representatives from the two countries met over the past weekend in Santiago, the first meeting of the Commission Administrator of the agreement, the last agreement of this type signed by our country.

According to the report released by the International Economic Relations General Directorate, one of the

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most important points of the meeting was the acceleration of the liberation program.

According to the agreement, most of the products exchanged between the two countries will have a zero tariff as of 1 January 1998. The businessmen have asked to shorten this period by one year (together with that of the automobile sector), which was rejected because the Ecuadoran delegation considered it premature.

What was accepted is the study by the governments of lists of products that can be immediately included among the tariff-free products, thus accelerating free trade in several sectors.

This subject will be decided at the next bilateral meeting which will be held within the first six months of next year.

According to the latest official figures, between January and September this year trade between our country and Ecuador increased 62.6 percent, from $152.8 million recorded during the same period last year, to $248.5 million. Of this total, $85.6 million correspond to Chilean exports, which increased 58.2 percent; and $162.9 million correspond to Ecuadoran imports, with an increase of 20.1 percent.

Among the main Chilean products exported to that market are printing paper, wine, boats, and medicine, with 36.2 percent of the total. The main imported products are petroleum and bananas, which correspond to 86.5 percent of the total.

Retired Generals: Possibility of Institutional Crisis

PY1511013095 Santiago CRONICA in Spanish 4 Nov 95 p 18

[FBIS Translated Text] Three retired Army generals have issued a public statement to warn about a "menacing panorama" that anticipates "taking the country to a crisis similar to that of 1973", and to express their concern over the citizenry's "lack of reaction" to this situation.

To justify their theory, they mentioned cases of corruption within public companies, the loss of Laguna del Desierto, and the election of communists in social organizations.

In their communique entitled "A Discouraging National Inventory," Generals Julio Canessa (who was the first deputy commander of the Army), Odlanier Mena (former director of the dissolved National Intelligence Center), and Joaquin Ramirez claim that the lack of reaction by the citizens and many of those who, elected by the people, have the responsibility to safeguard territorial integrity and the national interests and values, the threat of which could lead us to a crisis like that of 1973, which no one wants to repeat." [sentence as published]

The communique adds: "There are many serious cases of corruption within state organizations (state companies, municipalities, etc.), some of which are as blameworthy as was the case of Onemi [Interior Ministry National Emergency Office] or as scandalous as that which is currently being investigated at the Concon Petroleum Refinery, or the Esval case, which is becoming increasingly more serious."

According to these retired generals, there is a "persistent effort to undermine the foundation of the institutional system, created during the military government, which has always privileged the individual above the state."

According to them, there is an "international policy to serve personal positions more than the nation's interest, which resulted in the total loss of Laguna del Desierto. History will remember the names of those responsible but will not return the lost territory, for the defense of which so much blood has been shed during the course of time."

Rightist Groups Break With National Renewal Over Reforms

PY1411183695 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 14 Nov 95

[Speakers identified by screen caption]

[FBIS Translated Text] The decision made yesterday by National Renewal [RN] to approve constitutional reforms is changing the political scene of the center-right. Today the UDI [Independent Democratic Union] and the UCCP [Progressive Center Center Union] announced the rupture of the opposition pact.

[Begin recording] [Unidentified reporter] The decision made yesterday by the RN brought serious consequences to the Unity for Chile Pact and to the strength of the opposition. Today the UDI announced the rupture of the Unity for Chile Pact and the UCCP did the same, despite the fact that this group left the pact a long time ago.

[UCCP Vice President Jorge Concha] The UCCP believes that the decision made by the RN General Council is a cluster bomb that put an end to the Unity for Chile Pact.

[UDI President Jovino Novoa] We interpret the decision of the RN General Council as making a pact with the Coalition of Parties for Democracy [CPPD] and leaving the Unity for Chile Pact.

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[Reporter] The UDI and the UCCP believe that the RN decision made in Temuco yesterday is the greatest political victory of the CPPD, leaving the center-right in a difficult situation. The UDI and the UCCP separately called on independent groups and dissidents of the RN to join a new party organization. But the RN disregards the possibility of a rupture.

[RN leader Alberto Espina] We will not play the game of those who advocate a rupture. We are not a party that is willing to divide the center-right. We will ask the UDI to reconsider, to cool off, to look at the situation in calm manner. Now, if the UDI has no interest in continuing to work with us, we believe that at the legislative level, we will continue to work together because we have the same ideas. Therefore, we need to remain calm. [end recording]

Colombia

Defense Minister To Show Results of Drug Struggle to U.S.

PA1411160095 Mexico City NOTIMEX in Spanish 1656 GMT 13 Nov 95

[FBIS Translated Text] Santa Fe de Bogota, 13 Nov (NOTIMEX) — Colombian Defense Minister Juan Carlos Esguerra said here today the Colombian Government will show the United States that the struggle it is waging against drug trafficking is effective and its clear results are evident.

Shortly before traveling to Washington, the defense minister said the Colombian security forces continue to unceasingly combat the drug cartels, which in their efforts to obtain huge profits have caused much harm to the country.

Esguerra left for the United States, where he will meet with the highest-level officials in charge of the fight against the drug mafias, some of whom have harshly criticized Colombia because of the alleged lack of results in this fight.

"We are trying to show the United States and the world the tremendous results achieved against drug trafficking throughout the year, not only in disbanding the Cali Cartel but in eradicating illegal crops. These results have been excellent," he said.

He added that in Washington he will not only show the successful results, but will also request greater technological aid, such as helicopters for the police and other aircraft used in programs to spray the illegal crops.

He indicated that a large part of the equipment acquired by Colombia for this purpose has been destroyed due to the constant attacks by groups which, although he did not identify, he described as "narcoguerrillas."

Esguerra will meet with Defense Secretary William Perry, Attorney General Janet Reno, Lee Brown, director of the Drug Enforcement Administration (DEA) [title as received], Alexander Watson, assistant secretary for inter-American affairs, and John Deck of the Central Intelligence Agency (CIA).

A significant meeting will be the one with ultraconservative Senator Jesse Helms, one of the harshest critics of the Colombian struggle against the mafias and whom Esguerra will try to convince of the successes against those criminal organizations.

There has been friction between Colombia and the United States in the past two months as a result of the differences of opinion about the drug struggle. To this must be added the accusations of Colombian officials who have said that some dark forces are reportedly planning a coup against President Ernesto Samper.

An official source said Esguerra will return to Colombia at the end of the week.

FARC, ELN Said Willing To Hold Talks With Representatives

PA1411231895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 13 Nov 95

[Report by Fabian Fernando Diaz; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Cali — The 30th, 27th, and 6th Fronts of the Revolutionary Armed Forces of Colombia [FARC] and the Army of National Liberation, ELN, operating along the western mountain range are willing to hold talks with regional government representatives. Francisco Murgueitio, high commissioner for peace in Cali, has said in a statement for Caracol:

[Begin Murgueitio recording] The ELN maintains the same position. The ELN front operating along the western mountain range has not held direct talks with us, but there have been tacit messages indicating that social conditions in [words indistinct] increase the possibilities of holding regional talks. [end recording]

Those subversive movements would join the Jaime Bateman Cayon Group, a dissident M-19 [19 April Movement] faction that has already made contact with the government for its demobilization.

Testimony by Gilberto Rodriguez Reported

96CA0037A Santa Fe de Bogota CAMBIO 16 COLOMBIA in Spanish 30 Oct 95 pp 12-18

[Excerpts from Gilberto Rodriguez Orejuela's testimony before the Prosecutor General's Office, by Maria

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Cristina Caballero: "What Gilberto Rodriguez Orejuela Told the Office of Prosecutor General"; La Picota Central Penitentiary, Santa Fe de Bogota, 12 June 1995; first paragraph is CAMBIO 16 introduction]

[FBIS Translated Text] CAMBIO 16 has learned bits and pieces of what Gilberto Rodriguez Orejuela revealed to the Office of Prosecutor General: He does not remember his home address, has no telephone, does not recall where his businesses are located. He does not have bank accounts abroad or in Colombia, although he admits that he did with Chase Manhattan Bank and the First Interamerican Bank of Panama. He owned 67 percent of the stock in the Workers Bank [Banco de los Trabajadores], whose records from 19 to 29 March 1984 we published and in which Ernesto Samper Pizano appears at the top of the list. He claims he did not contribute money to candidates in the last presidential campaign, but admits giving money to former President Belisario Betancur's campaign. He says he is worth 1.2 billion pesos and that his monthly income is 20 million. He has known Alberto Giraldo and Eduardo Mestre for 20 years. He denies paying Attorney General Orlando Vasquez' tabs at the Hotel Intercontinental. When questioned about Orlando Vasquez, he answers for Alberto Giraldo. He admits falsifying public documents, carrying weapons illegally and offering money to political campaigns. He claims not to know for whom Pallomari works.

Unsworn testimony of: Gilberto Jose Rodriguez Orejuela; Place: La Picota Central Penitentiary, Santa Fe de Bogota; Number assigned: 24,249; Date: 12 June 1995; Telephone: None; Attorney: Jorge Luis Gutierrez Solano

[Prosecutor] Would the defendant please state his complete first and last names.

[Rodriguez Orejuela] My name is Gilberto Rodriguez Orejuela. My ID number is 6,067,015 from Cali. (...) The Americans dubbed me "the Chess Player" in a book titled "Underground Economy" (...). I was born in Mariquita, Tolima, on 31 January 1939. I am 56 years old. I am the son of Carlos Rodriguez and Rita Orejuela. My father is deceased, but my mother is still living. My domicile was in Cali, but I do not remember the address. That is where I was captured.

[Prosecutor] Tell whether you offered money to past presidential campaigns.

[Rodriguez Orejuela] Yes, Mr. Prosecutor.

[Prosecutor] Could you be specific about money offered to finance presidential campaigns?

[Rodriguez Orejuela] A few days before the presidential election, Alberto Giraldo mentioned the possibility that we—or, speaking personally, that I—might make a contribution to the presidential campaign, preferably to Andres Pastrana Arango, the Conservative Party candidate, and, in addition, to Ernesto Samper Pizano, the Liberal Party candidate, and to General Miguel Maza Marquez, who was running as an independent. I answered that if they had no problem with it, they should consult him [as published], and that if they had no problem with it [as published], I would contribute to those campaigns. Alberto Giraldo consulted the treasuries of the three campaigns and when they realized who was behind the money, they did not accept it. Alberto Giraldo notified me of this by telephone.

[Prosecutor] Tell who are or were the treasurers of those campaigns.

[Rodriguez Orejuela] I think that Medina was Dr. Samper's, but I had no contact with him. I believe that Hernan Beltz was Andres Pastrana's treasurer, but I do not recall who worked for General Maza Marquez. However, I never had contact with any of the three. I know Hernan Beltz and would recognize Medina, but I have never had dealings with them.

[Prosecutor] You have said that you did offer money to past presidential campaigns. Please tell whether you offered or delivered cash contributions to those campaigns.

[Rodriguez Orejuela] What I said in answer to a previous question was that Alberto Giraldo called my brother Miguel and me to consult with us or propose that we mainly help Andres Pastrana's campaign, since Pastrana is a Conservative, and, after that, the campaigns of Samper and General Maza Marquez. I responded to this proposal by saying there was no problem, that they should talk with the treasuries or with them and tell them where the money came from. One, two, or three days later, we talked with Mr. Giraldo by phone and he informed us that none of the three campaigns had accepted the money because it came from the Rodriguez Orejuela. I wish to specify that at no time did we give money, T-shirts, or anything else to those campaigns.

[Prosecutor] Did you meet with Alberto Giraldo in Cali during the first half of 1994 to discuss the request he made to you to finance political campaigns?

[Rodriguez Orejuela] I never met with him, as I said before. This request was made by phone.

(While Rodriguez denies giving money to the most recent presidential campaigns, he does not do so in the case of former President Belisario Betancur.)

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[Prosecutor] Did you at any time make contributions to the campaigns of presidential precandidates or persons aspiring to positions in public institutions?

[Rodriguez Orejuela] No, Mr. Prosecutor. When I was not having problems with the courts, I did help the campaign of Belisario Betancur in 1982, through my son, Jaime Rodriguez.

Rodriguez and Pallomari

(He denies dealings with the Chilean Pallomari.)

[Prosecutor] Do you know Guillermo Alejandro Pallomari?

[Rodriguez Orejuela] Yes, I do know him. I met Guillermo Pallomari as systems manager of Discount Drugs [Drogas La Rebaja] in 1988 or 1989. My relationship with him was always in connection with work. I know he is of Chilean nationality and that he is a systems engineer. That is it for Mr. Pallomari.

[Prosecutor] Tell whether you have had dealings with Guillermo Pallomari.

[Rodriguez Orejuela] I have never had any business with Mr. Pallomari. I do not know for whom he works currently.

[Prosecutor] Do you have any knowledge of any nickname by which Mr. Pallomari is known?

[Rodriguez Orejuela] Yes, Mr. Prosecutor. I have seen in the press that he is called "Rigan" or "Reagan."

Politicians

(Rodriguez denies making contributions to congressmen.)

[Prosecutor] Tell whether you have made contributions to the financing of campaigns for public institutions, i.e., the Senate, Chamber, Assembly, or Council.

[Rodriguez Orejuela] No, Sir, I have not made any such contributions.

[Prosecutor] Tell us with which of the country's political leaders you have any kind of relations.

[Rodriguez Orejuela] At this point in my life, I have no relations with any politician.

[Prosecutor] Do you know who Gustavo Espinosa is?

[Rodriguez Orejuela] I know there is a senator by that name. He is a public figure. I have no dealings with him.

[Prosecutor] Do you know Rodrigo Garavito?

[Rodriguez Orejuela] I have heard he is a member of Parliament, but I do not know him personally.

[Prosecutor] Tell us who Jaime Lara is.

[Rodriguez Orejuela] I could not tell you who he is, Mr. Prosecutor.

[Prosecutor] Do you know Armando Holguin?

[Rodriguez Orejuela] Yes, I know Armando Holguin, as a professor and politician from the Cauca Valley.

[Prosecutor] Do you know whether your brother Miguel has ties with politicians in this country?

[Rodriguez Orejuela] I could not answer that, Mr. Prosecutor.

Case, Giraldo, and Mestre

(Concerning Case 8,000, he emphasizes that what he does know is that Eduardo Mestre and Alberto Giraldo are prisoners. He says he has known Giraldo for 20 years and that he has had dealings with him.)

[Prosecutor] Do you know why you are being heard through an unsworn statement without any judicial order and without being under oath?

[Rodriguez Orejuela] Yes, Mr. Prosecutor. The only thing I know is that it is Case 8,000. I know what the press has said about these proceedings.

[Prosecutor] Tell everything you know about the acts concerning which you are being questioned in this hearing.

[Rodriguez Orejuela] What I know about these acts is that Eduardo Mestre and Alberto Giraldo are being held at the Model Jail in Bogota, and that charges have been brought against other persons, including several congressmen. These proceedings were initiated because of the payment of accounts at the Hotel Intercontinental by the firm ARA, Inc.

[Prosecutor] Do you know Alberto Giraldo?

[Rodriguez Orejuela] Yes, I have known Alberto Giraldo Lopez since 1975 approximately. Yes, I have had dealings with him. Around 1978, he was my adviser at the Workers Bank. Later, he was my partner at Cryler [as published] of Colombia. He has always been associated with me and my brother, always in absolutely legal business dealings.

[Prosecutor] Did Alberto Giraldo visit you when you were a prisoner in Spain?

[Rodriguez Orejuela] Yes, Mr. Prosecutor. He did visit me.

[Prosecutor] When was the last time you talked with Alberto Giraldo Lopez?

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[Rodriguez Orejuela] I talked with Alberto Giraldo Lopez by phone a few days before my capture, I believe a month before my capture, using the mobile phone 591351 from Cali. I always called him because he did not know where I was.

[Prosecutor] Do you know Eduardo Mestre Sarmiento?

[Rodriguez Orejuela] Yes, I know Eduardo Mestre Sarmiento. I met him when I was a partner and member of the Workers Bank board of directors, where we had a strictly business friendship. I believe that that was around 1978, between 1978 and 1980. Aside from the knowledge I had of him at that time and a few loans made to him by the Workers Bank, I have never had any dealings with Mr. Mestre Sarmiento.

[Prosecutor] Tell if you have bought any movable or real property from Eduardo Mestre Sarmiento.

[Rodriguez Orejuela] No, Mr. Prosecutor. I have never bought any movable or real property from Eduardo Mestre.

[Prosecutor] Tell whether Eduardo Mestre Sarmiento visited you when you were in prison in Spain.

[Rodriguez Orejuela] No, Mr. Prosecutor. I do not recall that he visited me then.

[Prosecutor] Tell us whether Mr. Mestre has worked for you or was an adviser or was connected with any of your companies on any occasion.

[Rodriguez Orejuela] No, Mr. Prosecutor. He has never worked for me or been an adviser or had any connection with any of my firms.

[Prosecutor] Tell us whether you, either through someone else or your attorneys, asked Eduardo Mestre Sarmiento to testify for you in the event you would come before the Colombian courts. (Question clarified.)

[Rodriguez Orejuela] Mr. Prosecutor, I do not recall ever asking Dr. Mestre to testify for me. I am speaking for myself personally, as Gilberto Rodriguez.

[Prosecutor] When was the last time you talked with him?

[Rodriguez Orejuela] I do not recall precisely, but I have not spoken with him for about 15 years.

Migil or Miguel and Gilberto

(The children of Gilberto and Miguel Rodriguez Orejuela have a company that owns several "superstores" in southwestern Colombia.)

[Prosecutor] Do you know what activities your brother Miguel Rodriguez has engaged in over the past five years?

[Rodriguez Orejuela] My brother is a lawyer specializing in management. He and his family have holdings and he has devoted his time to managing them.

[Prosecutor] What do you know about the company ARA, Inc.?

[Rodriguez Orejuela] I know that my brother Miguel and his children have a company by that name.

[Prosecutor] Do you know what La Estrella Agricultural Marketing Company [Comercializadora Agricola La Estrella] is?

[Rodriguez Orejuela] No, Mr. Prosecutor. I do not know.

[Prosecutor] Are you aware of the existence of a firm called Migil Investments, Inc. [Inversiones Migil Ltda.]?

[Rodriguez Orejuela] Yes. It is a company that owns several superstores in southwest Colombia. It belongs to the children of Miguel Rodriguez and to my children.

[Prosecutor] Do you know what the trade name Migil, Inc. means?

[Rodriguez Orejuela] Miguel and Gilberto Rodriguez, because we were the founding partners.

[Prosecutor] Who is Amparo Arbelaez?

[Rodriguez Orejuela] She is my brother Miguel's wife.

[Prosecutor] Do you know Marta Lucia Echeverry?

[Rodriguez Orejuela] She is my brother Miguel's domestic partner.

[Prosecutor] Have you ever made an agreement or pact with your brother Miguel Rodriguez that he should pay your bills, those of your wife or former wife, or those of your children?

[Rodriguez Orejuela] We have never made such an agreement, but it may have happened at some point in our lives.

Intercontinental

(Concerning a bill for the amount of 114,270 pesos for expenses of Orlando Vasquez (30 November 1993) which the Hotel charged to Rodriguez, Miguel, and/or Rodriguez, Gilberto, the defendant responded that he has only heard of Vasquez Velasquez, knows that he is the attorney general, but has never had the slightest dealings with him.)

[Prosecutor] Do you have an account at the Hotel Intercontinental in Cali?

[Rodriguez Orejuela] I have had an account at the Hotel Intercontinental in Cali on several occasions since 1975.

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[Prosecutor] Please tell whether you have ever made reservations at the Hotel Intercontinental for any person.

[Rodriguez Orejuela] No, Mr. Prosecutor. I have never made reservations for any person in recent days or months.

[Prosecutor] Does your response mean that you have done so before?

[Rodriguez Orejuela] Twenty years ago, when I lived in Bogota, from 1975 to 1984, I would go to Cali in December with my children and my second wife and stay at that hotel.

[Prosecutor] Do you recognize the handwriting appearing on the documents shown to you (the Hotel Intercontinental reservations file)?

[Rodriguez Orejuela] Mr. Prosecutor, I do not recognize the handwriting on any of the reservations.

[Prosecutor] You have said that the company called ARA belongs to your brother Miguel Rodriguez and his children. Since the reservations just shown to you were placed by the ARA Investments firm, would you tell us whether you know who made those reservations?

[Rodriguez Orejuela] I do not know, Mr. Prosecutor.

[Prosecutor] Would you tell us whether you know the corporate purpose of the firm ARA Investments?

[Rodriguez Orejuela] My brother and his children own a company called ARA Investments, Inc., but I do not know precisely what its corporate purpose is.

[Prosecutor] In connection with this investigation of Invoice 04068 used by the Hotel Intercontinental in Cali on 30 November 1993 to charge Rodriguez, Miguel, and/or Rodriguez, Gilberto, the sum of 114,270 pesos for expenses of Orlando Vasquez V., what explanation can you give the Office of Prosecutor General for these documents? (The defendant is shown a photocopy of Invoice 04068.)

[Rodriguez Orejuela] I have never asked the Hotel Intercontinental for that invoice and consequently, there cannot be any order signed by me, much less any checks paying it. I have only heard of Orlando Vasquez Velasquez and know he is the attorney general, but I have never had the slightest dealings with him.

[Prosecutor] Another element in this investigation is Invoice 05981, dated 14 July 1993, from the Hotel Intercontinental in Cali and addressed to Rodriguez, Miguel, and/or Rodriguez, Gilberto, billing them the sum of 123,591 pesos for expenses of Orlando Vasquez V. What explanation can you give us about this? (The invoice is shown to the defendant.)

[Rodriguez Orejuela] Mr. Prosecutor, I will answer as I did before. I have never placed an order for Alberto Giraldo at the Hotel Intercontinental, much less for expenses of Orlando Vasquez, to which Invoice 05981 refers.

[Prosecutor] What explanation can you give for the fact that in these proceedings, there are several reservation orders placed by ARA Investments with the Hotel Intercontinental in Cali to provide accommodations and other services to politicians in this country, and also for the invoice billing for these services provided by the Hotel and charged to the account of Miguel Rodriguez?

[Rodriguez Orejuela] I wish to reiterate that ARA Investments or a company by that name has nothing to do with Gilberto Rodriguez Orejuela. My brother Miguel has a company called ARA Investments and I do not know whether he gave those authorizations.

[Prosecutor] Mr. Rodriguez, among the orders for accommodations presented to you in the course of these proceedings is one placed by ARA Investments with the Hotel Intercontinental authorizing the stay of Andre Rodriguez on 19 and 20 December 1993. Do you know who placed that order?

[Rodriguez Orejuela] I do not know who placed that order. The only thing of which I am sure is that I did not because—and I will repeat it a thousand times over—I have nothing to do with ARA, ARA Investments, ARA, Inc., or anything of the sort.

Murcillo Brothers

(The alleged *capo* recognizes that Julian Murcillo Posada, on trial for illicit enrichment, is a friend of his. He does not recall "having conversed" with the other two Murcillo brothers: Tulio Enrique and Luis Fernando.)

[Prosecutor] Please tell whether you know of a company called Exposal, Inc.

[Rodriguez Orejuela] Yes, I do. It belongs to Julian Murcillo.

[Prosecutor] Who is Julian Murcillo?

[Rodriguez Orejuela] Julian Murcillo is a friend of mine and he runs—I do not know if he still does—a lithography shop. That is all I know.

[Prosecutor] Tell whether you have had knowledge of the activities in which the company Exposal, Ltd. engaged.

[Rodriguez Orejuela] Mr. Prosecutor, as I told you during these proceedings, I know that Exposal belongs to Julian Murcillo, but I do not know precisely whether

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it is a lithographer's shop or an export firm. I met Mr. Murcillo around 1978, when he managed El Toro Negro restaurant, which belonged to my brother Miguel Rodriguez, located on Calle 20 or 21 Norte between 5th and 6th Avenues in Cali. That restaurant was sold some time later and Julian Murcillo went it alone. One should clarify that from that time until 1984, I lived in Bogota and that after 1987, I went to live in Cali. I was Julian Murcillo's friend, but know nothing about his private life.

[Prosecutor] Do you know what relations exist between ARA Investments and the firm Exposal, Ltd.?

[Rodriguez Orejuela] No, Mr. Prosecutor.

[Prosecutor] Do you know whether your brother Miguel and Julian Murcillo continued having any kind of connection once the restaurant that Julian Murcillo managed was sold?

[Rodriguez Orejuela] I do not know what kind of connection they had after the sale of the restaurant.

[Prosecutor] Are you aware of the existence of a corporation whose trade name is Litofarallones, Ltd.?

[Rodriguez Orejuela] I believe Litofarallones belongs to Julian Murcillo.

[Prosecutor] Do you know Tulio Murcillo?

[Rodriguez Orejuela] Yes, I know him. He is Julian Murcillo's brother. I know him but have had very few dealings with him. I do not recall the date that I met Tulio Murcillo or the place, but I do recall that Julian introduced me as his brother two years ago.

[Prosecutor] Do you know Luis Fernando Murcillo?

[Rodriguez Orejuela] I know him by sight, but have never had dealings—much less done business—with him.

[Prosecutor] Please tell whether you have talked with the brothers Julian, Tulio, and Luis Fernando Murcillo Posada.

[Rodriguez Orejuela] Yes, I have talked with Julian Murcillo at a few meetings, before the warrant for my arrest. As for Tulio and Luis Fernando, I do not remember him [as published].

[Prosecutor] Who is Edilberto Vallecilla?

[Rodriguez Orejuela] He is an attorney and has been a friend of mine for many years. He practices law and lives in the Ciudad Jardin district of Cali. However, I do not know where his office is and he has never represented me, nor do I do business with him.

Background

(The "chess player" speaks of his legal background, emphasizing that after being extradited to Spain, he was declared innocent.)

[Rodriguez Orejuela] I have been accused of the crimes of drug trafficking, illicit enrichment, and carrying a weapon illegally. I was investigated in the city of Madrid, Spain, in 1984 and later in Colombia, in 1986. I was extradited from Spain to Colombia and declared innocent of the crime of drug trafficking by the 11th Criminal Court of the Cali Circuit. I know a warrant was issued for illicit enrichment in the proceedings against Discount Drugs, and another (in the United States) for drug trafficking in the so-called "Louisiana" case. There was another for carrying weapons illegally because my permit had expired and I did not turn it in to the 3rd Brigade of Cali in time, having lost it. I learned through the newspapers of a warrant for my arrest in connection with proceedings that the media have dubbed Case 8,000.

Income? 20 Million Pesos a Month

(Rodriguez admitted he has had accounts with Chase Manhattan Bank in New York and the First Interamerican Bank in Panama. He says he owns three cars and will turn them over to the Office of Prosecutor General.)

[Rodriguez Orejuela] My assets total approximately 1.2 billion pesos. My monthly income may go as high as 20 million pesos, the proceeds from loans to private parties figuring in my statement of income. I have no other income. I own three vehicles: a Mitsubishi jeep, a Chevrolet Sprint, and a Renault Maxima.

I had a checking account, but they have all been canceled—the last one two weeks ago—because my name is Gilberto Rodriguez Orejuela. I have no savings account or fixed-term deposits. I do not have accounts abroad, although I have had in the Chase Manhattan in New York and the First Interamerican Bank in Panama. I have furniture, real estate, and some property—I do not recall where—which figure in my declaration of income. I do not have real property abroad. I had an apartment in Spain.

I belong to the Club La Rivera in Cali and the Bankers Club in Bogota. I have no shares in these clubs, only rights. I am not a shareholder in any company. I do have shares in the Tocancipa Autodrome, Inc., but do not recall how much they are worth. I have two or three pieces of income property that are included in my declaration of income. They are commercial properties, but I do not remember how much they bring in. There are two here in Bogota, one in Barranquilla, and two in Cali, located in different parts of the city.

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[Prosecutor] Tell us in which companies you have private shares or a corporate interest.

[Rodriguez Orejuela] I have a corporate interest in a silent partnership called the Rodriguez Ramirez Partnership and also own shares in the Tocancipa Autodrome. I do not recall any other, Mr. Prosecutor.

"My Capture"

[Prosecutor] Please tell the Office of Prosecutor General about the circumstances: how, when, and where, under which you were captured.

[Rodriguez Orejuela] I was captured on Friday, 9 June, at a house in the Santa Monica district. There was a raid on the house where I was staying. I managed to get into a closet, a kind of hideout, when the Police arrived and asked me to surrender. I came out of the hideout and told them to relax, that there was no problem. The officer who handcuffed me asked me, as he was putting them on, if I was Miguel. I replied that I was not, that I was Gilberto. I had been in that house for approximately a year and a half. It was rented by Aura Rocio Restrepo, my long-time companion, to a Mrs. Esperanza. I was with two maids, who knew me as "Don Csar," an electrician that I do not know, a driver, who also knew me as Don Csar, and a Mr. Alberto, who had been summoned by Aura Rocio to discuss some business with her father. As for what they found on me, I could not give you a precise list. I remember the cellular phones, the car phones, three pistols belonging to me but with no permit, radios and other electronic devices, my clothes. In short, everything in the house—with the exception of the things belonging to Aura Rocio, the maids, and visitors—is mine and I am responsible for each and every one of these things.

[Prosecutor] For how long had you been known as Csar?

[Rodriguez Orejuela] I had been underground since 1989 or 1990.

[Prosecutor] Do you have any ID with the name Csar?

[Rodriguez Orejuela] Yes, Mr. Prosecutor. I had an ID with the name Csar, using a number that belonged or belongs to another person. The name is Csar Marmolejo, but I do not recall the number. That ID must be among the papers which the Police seized at the time of my capture.

[Prosecutor] In addition to the mobile telephone that was seized, or on which you called Alberto Giraldo, do you have other mobile phones? Give us the numbers.

[Rodriguez Orejuela] Yes, I had other mobile phones. The only telephone number I was using at the time of my capture was 591351.

[Prosecutor] Who called you at the number 591351?

[Rodriguez Orejuela] A few friends, very few, and my family.

[Prosecutor] Tell the names of those friends.

[Rodriguez Orejuela] For example, Alberto Giraldo...(the Office of Prosecutor General notes that the defendant is pensive [as published]), and the rest were my family.

[Prosecutor] How long had you known about the warrant for your arrest?

[Rodriguez Orejuela] Since 1989 or 1990. I do not recall exactly.

[Prosecutor] Tell whether you have had accounts in the Bank of Colombia in the main office in Cali.

[Rodriguez Orejuela] No, I have had no regular accounts in the main office of the Bank of Colombia. Until about two weeks ago, I had an account in the Bank of Colombia at the Unicentro branch in Cali.

[Prosecutor] Do you know who Alberto Sanchez is?

[Rodriguez Orejuela] He is the head of our family's security. I know him only as Alberto Sanchez, a retired Army sergeant.

Speaking About His Life

He defines himself as a businessman and emphasizes his activities connected with Kressfor Laboratories, Discount Drugs, the Workers Bank, the Financial Corporation of Boyaca, Cryler [as published] of Colombia, the Colombian Radio Group, and a bank founded in Panama in 1978: the First Interamerican Bank.

[Rodriguez Orejuela] I was born in Mariquita, Tolima, on 31 January 1939. I am 56 years old. I am the son of Carlos Rodriguez and Rita Orejuela. My father is deceased and my mother is still living. I lived in Cali, but I do not remember the address. That is where I was captured.

I did not do military service. I have a high school diploma and a few semesters of business administration. I went to grade school at San Luis Gonzaga in Cali and attended high school at the Modern School in Cali, which is gone now. I took a few other courses, one or two in strategic planning, about ten years ago in Cali.

My first marriage was to Mariela Mondragon Avila, 35 years ago. We have four children: Fernando, 34; Jaime, 33; Humberto, 31; and Alexandra, 26. I have two children by Gladys Myriam Ramirez Libreros: Claudia Pilar, 30; and Andre Gilberto Rodriguez Ramirez, 23. A brief relationship resulted in the birth of Jorge

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Rodriguez Herrera. His mother is Nelly Herrera. My current companion is Aura Rocio Restrepo. We have been together for four years and have no children.

I have five siblings: Aide, a housewife, who is in her 50s; Rafaela and Amparo, both housewives; Miguel, a lawyer, who is 50; and Jorge Eliecer, who is in prison.

I jog, play soccer, and ride a bicycle. I smoked for a time and drink socially. I have never used addictive substances. I tried marijuana in Cali. I saw it 30 years ago and tried cocaine years ago.

I have never suffered from any mental illness, but do have problems with hypertension and uric acid. I take Moduretic and Triptanol. There has been mental illness in my family. One uncle suffered from depression, as did an aunt, now dead.

I have lived in Mariquita, Cali, and Bogota. I have traveled to Panama, Guatemala, Honduras, Mexico, Brazil, Argentina, Peru, Bolivia, Portugal, Spain, France, Italy, Hungary, and Germany. The cities in the United States that I know are Miami, Los Angeles, Houston, and New York.

I have always been a private businessman. The early years of my life I worked for others. I began as a messenger at La Perla Drugstore in Santa Rosa Park in Cali when I was 12. I gradually moved up until I became the manager of that same drugstore at age 22. I retired to become a traveling sales rep for the Bap Laboratories of Colombia, where I worked for four or five years. I set up my first private business when I was 28: the Monserrate Drugstore in Cali. Three years later, in 1958, I started the Commercial Drugstore. From there, I moved to Bogota, left these businesses in the hands of my brothers, and started Kressfor Laboratories of Colombia here. Around 1962 or 1963, the management of Kressfor Laboratories was in the hands of Nestor Sabaleta. By 1973 or 1974, I was connected with the drugstores that I had in Cali and Kressfor Laboratories, which made Ferrobemil—for treating anemia—Diekam, Rontox, and other products.

I then acquired shares in the Workers Bank, ending up with 67 percent of the stock, between 1972 and 1975. In 1978, I hooked up with the Financial Corporation of Boyaca and also founded Discount Drugs at the time. I was a distributor for Cryler [as published] of Colombia and at that time, founded the Colombian Radio Group with the Radio Farallones Broadcasting Company in Cali. I later bought other broadcasting companies, such as Radio Ciudad de Cali, the El Dorado broadcasting stations, and others that I do not recall. I continued with Discount Drugs, the Workers Bank, the Financial Corporation of Boyaca, Cryler [as published] of Colombia, the Colombian Radio Group, and a bank founded in Panama in 1978, the First Interamerican Bank. These have been my activities and my background as a businessman.

[Prosecutor] When was the last time that you were outside of Colombia?

[Rodriguez Orejuela] In April of 1984, on 27 April 1984, to be precise, I went to Brazil to see a Copa Libertadores soccer game in Rio de Janeiro. It was America against I don't know which Brazilian team, either Botafogo or Flamengo.

Elements for Analysis

In Colombia, backs are "in," so "in," in fact, that the head of the Cali cartel himself, Gilberto Rodriguez Orejuela, has decided to watch the backs of many people for them! This is obvious as soon as one begins to read his first statement before the committee of "hooded" prosecutors in charge of the infamous Case 8,000. Not only did he boast of being a precocious, deserving worker who began as a drugstore messenger boy at the age of 12, but also claimed that the presidential campaigns refused his offers of money.

More than once, Rodriguez emphasized that his real intention was to make a contribution to the presidential campaigns, but "preferably" (or mainly, as he later insisted) "to Andres Pastrana Arango, the Conservative Party candidate." And, he stresses, only "in addition" (or secondarily, as he pointed out) to Ernesto Samper Pizano.

Actually, the support—albeit verbal—that the Rodriguez Orejuelas gave Samper is not surprising. Miguel Rodriguez' first statements to the press following his capture in Cali on 6 August were: "I think Samper is honest.... Santiago Medina is just making up stuff" (statements concerning the financing of the presidential campaign by money from drug trafficking).

One source close to the Rodriguez brothers told CAMBIO 16 that "the thing they fear most is that if President Samper is brought down, they could be extradited. They will do everything possible to keep Samper in power." In addition, the source claims, they are hoping that the current prosecutor will serve out his term in March before handing down any rulings, and that the new incumbent will be more flexible.

During the second session before the Office of Prosecutor General—or the expansion upon his unsworn statement made on 15 June 1995—the prosecutors returned to the central issue of the financing of political campaigns. Once again, Rodriguez denied that past presidential campaigns ever accepted his money.

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Ecuador

Constitutional Court Invites President To Explain Decree

PY1511005295 Quito Voz de Los Andes in Spanish 2300 GMT 14 Nov 95

[Live relay by Loida Carrier from the Court of Constitutional Guarantees]

[FBIS Translated Text] A few minutes ago the members of the Court of Constitutional Guarantees [TGC] decided to suspend the debate on the constitutionality of the secrecy of Decree 64 and to invite President Sixto Duran-Ballen to come to the TGC on 21 November or sometime next week to explain or justify the secrecy of the decree by which he took custody of the microfilms of the discretionary funds of the Vice Presidency.

TCG member (Mentor Poveda) explained that the invitation is optional and under no circumstances an obligation.

[Begin Poveda recording] He was invited, not summoned. The court's resolution is to invite the president to come here to explain, to clarify all the things he has already said in his responses, and also to answer some specific questions that may be asked by the TGC members. Let me reiterate that this has the healthy objective of obtaining concepts, clarifying the situation in the interest of the Ecuadoran people. This is because we all have the obligation to contribute to bring tranquility to the people in order to live in peace — by knowing that we are being governed in a righteous manner, with integrity, in accordance with the law, and that we are not in unscrupulous hands, as could, unfortunately, happen. [end recording]

Foreign Minister Seeks To Keep Border Issue Out of Campaign

PY1511004595 Quito Voz de Los Andes in Spanish 2300 GMT 14 Nov 95

[FBIS Translated Text] The next three months will be crucial in the negotiations between Ecuador and Peru for finding a solution to the border problem. In the face of this situation, Ecuadoran Foreign Minister Galo Leoro demanded seriousness and responsibility in dealing with this issue.

In a dramatic call to politicians, Galo Leoro asked that the border issue be kept out of the electoral campaign in order not to hurt its analysis, thus weakening the Ecuadoran negotiating position.

'Call-Back' System Means Losses for Emetel

96SM0007A Quito EL COMERCIO in Spanish 20 Sep 95 p B1

[Article: "Call-Back: Illegal or Unethical?"]

[FBIS Translated Text]

Competition: Emetel is losing 35 percent of the phone call market.

Sellers of the service say that they have international permission, but they seem prepared to abandon the Ecuadoran market.

The call-back system has placed the Ecuadoran Telecommunications Enterprise [Emetel] in a difficult situation. So much so that the Superintendency of Telecommunications has declared the service illegal.

The call-back system has made gains during the past year. Not fewer than 35 companies offer the service in Ecuador. The president of the College of Electrical and Electronic Engineers of the Coast [Crieel] and member of the Directorate of Emetel's region 2, Jose Pileggi, estimates that the state enterprise has already lost 35 percent of the international calls market.

The impact is heavy. In Guayaquil alone, international calls account for 75 percent of Emetel's revenues. There are 210,000 clients, and monthly billing for international calls is about 100 billion sucres.

Although the number of call-back users is a mystery, the principal clients are exporters, importers, shipping and publicity agencies, communications media...firms that have a large volume of international calls.

The explanation is simple. The rates are one third of those that Emetel charges. For example, the cost of a call to the United States is $2.20 per minute; with the 25 percent tax it comes to $2.75. Using call back, the cost per minute is between $.90 and $1.20, because the international rates of the United States are applied.

This is why, says Pileggi, beyond trying to limit call backs, the solution is to improve the schedule of fees, so as not to rely on international calls.

"This must be done in a planned way, not overnight," says the president of Emetel, Sergio Flores. "We are studying the matter in accordance with the new law that says there will be no more lateral subsidies.

"Due to political paternalism, charges for international calls traditionally have been high, and low for local calls, creating a subsidy of one by the other."

According to Flores, Emetel requested the Superintendency of Telecommunications more than a year ago to

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declare the call-back system illegal. The justification: "Only Emetel is authorized to manage international traffic; there can be no other operator in the telephone system." After Emetel's privatizaion, due to take place in 1996, exclusive rights will be retained for 60 months.

But, according to Clara Correal, representative in Ecuador of Viatel—one of the companies that provides the call-back service—nothing illegal is being done. "It is understood that there are international conventions that benefit telephone companies with the payment of percentages of international fees, for outgoing as well as incoming calls.

"We are licensed by the Federal Communications Commission of the United Stats, and if the Commission tells us that what we are doing is illegal, we will get out of the market."

Pileggi believes that, more than illegal, the business is unethical because of the unfair competition with the country. The manager of Emetel's region 2, Julio Orellana, agrees with that view. "There is no convention that allows call back to operate in Ecuador; nor is there any negotiation with Emetel."

Nevertheless, he admits that the loss is not total. Why? When the call is made from the United States, under the international convention on satellite use, Ecuador receives 50 percent of the fees paid.

[Box, p B1]

Calls Not Registered

The call-back system basically consists of the reversal of a telephone call.

How does it work? An uncompleted call—which is interrupted before being registered by Emetel—is made to a telephone number in the United States. The line normally belongs to the call-back company, although in some cases it is assigned to the user as part of the service.

The uncompleted call activates a device that returns the dial tone to the local telephone. The subsequent call is then initiated, registered, and billed at U.S. rates.

According to Clara Correal, what remains for Emetel is to regulate the collection of fees for incomplete calls. Dedicated call-back lines could even be assigned, she says.

[Box, p B1]

A Detectable System

Emetel is already considering applying controls and penalties. They could go as far as cutting off service to the user.

According to Jose Pileggi, the use of call back can be detected by means of the impulses of uncompleted calls abroad.

There is a precedent in Guayaquil. A line belonging to the company Global Star Communication—which offers the call-back service—was suspended.

It was determined that the company had a large number of incomplete international calls (63 percent of the total number of calls made). The user regulation was applied, which says that a line can be cancelled if it interferes with Emetel. Global Star maintained an open channel of communication with the United States.

[Box, p B1]

How They Work

A. The Call-Back System

1. A telephone in the United States is called. The user has a code. The line must have DDI [expansion not given].

2. The user should dial once or twice only. The U.S. switchboard detects the call and returns it to the client in Ecuador. It gives the client a dial tone, and the client can then call anywhere in the world.

3. With the United States or with another country, the contact is made via the U.S. switchboard and via satellite.

4. Calls anywhere are paid for in the United States in dollars. Therefore, he user in Ecuador must, at a minimum, have an international credit card.

B. The Emetel System

1. Dial 116 and ask the operator to call the telephone number in the country desired.

2. The call is registered and timed at Emetel's switchboard.

3. The amount to be paid by the user appears on the following month's bill.

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Peru

Politicians Accuse President of Violating Electoral Law

PY1511011395 Lima LA REPUBLICA in Spanish 25 Oct 95 p 6

[FBIS Translated Excerpt] Congressmen from several political parties and representatives of two independent lists yesterday leveled to the Special Lima Electoral Board [JEEL] "serious violations of the electoral law" by President Alberto Fujimori on performing in favor of Jaime Yoshiyama, the ruling party candidate for Lima mayor.

This accusation of violation of Laws 26533 and 26486, was signed by Congressmen Gustavo Mohme Llona and Graciela Fernandez Baca of Union for Peru; Javier Diez Canseco of United Left; and Ernesto Gamarra Olivares of the Independent Moralization Front (FIM); and by Luis Iparraguirre, of the independent list Carabayllo 2000.

The report forwarded to the FEEL states that with his actions the president violates the freedom to vote and the people's will, upon ignoring the recent resolution of the National Election Board, which warns political officials not to meddle in the municipal electoral process.

Iparraguirre, a former union leader, explained that President Fujimori violated the electoral laws when, after dedicating a school in the "7 October" district, he launched Elsa Carrera as candidate to deputy mayor for the Change 90-New Majority ticket.

He added that on 15 October the president, during a television interview broadcast throughout the country, expressed his preference and total support for Yoshiyama, and expressed his disagreement with Andrade, candidate for the We Are Lima Movement. [passage omitted]

Yoshiyama Sworn In as Presidency Minister

PY1511024595 Lima America Television Network in Spanish 0100 GMT 15 Nov 95

[FBIS Translated Excerpt] Jaime Yoshiyama, who was sworn in today as the new presidency minister, promised to cooperate with newly elected Lima Mayor Alberto Andrade.

The ceremony, which was held in the government palace, was attended by the entire cabinet and outgoing Presidency Minister Manuel Vara Ochoa. [passage omitted]

After the ceremony Yoshiyama talked with reporters, expressing his commitment to put emphasis on the struggle against poverty. He also confirmed his full willingness to cooperate closely with the newly elected Lima mayor. [passage omitted]

Foreign Minister Views Financing Alternative Development

PY1511003895 Madrid EFE in Spanish 2008 GMT 10 Nov 95

[FBIS Translated Text] Lima, 10 Nov (EFE) — Peruvian Foreign Minister Francisco Tudela today said that Peru will maintain the strong pressure that it applied to disrupt the drug trafficking mafias.

Tudela said that the drug trafficking mafias have withdrawn. He said that, nevertheless, the mafias have an important cocaine reserve and that they keep intact their economic power, which allows them to be able to wait until the adverse situation is reverted.

After explaining that the solution of the problem lies in promoting alternative development programs, Tudela said: "We will keep the pressure on but it is better to take advantage of the situation to combat the problem at its root and not allow the reversion of the situation."

The drug trafficking mafias have withdrawn and their activity has decreased in view of an increase in counternarcotics operations in the Peruvian and Colombian jungle area. This has resulted in a sharp drop in coca prices, from $70 to $7 per arroba (12.5 kg).

In view of this, hundreds of thousands of peasants who produce coca leaves to manufacture cocaine are experiencing a serious economic crisis and are seeking aid to overcome this situation.

Peruvian officials are trying to help them to sow alternative products but they lack economic resources. In view of this they are determined to obtain foreign financing.

Tudela complained about the scarce aid Peru obtains from cocaine consumer countries and stated that while Peru spent over $300 million in the counternarcotics program, U.S. aid totaled only $60 million and this sum has only been partially disbursed.

Tudela said: "This has been a great effort for a poor country that has just overcome a serious economic crisis."

Tudela reported that since two weeks ago there have been "signs" from Washington indicating that the United States is willing to guarantee the credit that other developed countries may grant to finance alternative development programs in the coca-producing region.

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The foreign minister did not specify whether the funds to be eventually obtained would be assumed by Peru or the United States.

Tudela insisted that the international community must "take advantage of the current situation" which in view of the withdrawal of drug trafficking organizations, coca peasants are willing to replace their coca crops because of the sharp drop in coca prices.

Foreign Minister Urges 'Realistic' Environmental Policies

PY1511004495 Madrid EFE in Spanish
1825 GMT 11 Nov 95

[FBIS Translated Text] Lima, 11 Nov (EFE) — Peruvian Foreign Minister Francisco Tudela said today that Amazon countries must adopt a common strategy to develop the Amazon region, but based on "realistic" environmental policies.

Tudela said that these policies should meet the development needs of Amazon countries "based on realistic criteria but detached from the positions upheld by certain radical environmental groups."

He added: "The objectives of these groups is one thing; but the real situation of the Amazon region, which should not restrict its development because of radical environmental prejudices, is a completely different matter."

Tudela thus alluded to pressures exerted by several European and U.S. ecological groups to stop the implemention of development porjects in the Amazon region because they believe these would alter the balance of nature.

Tudela made this proposal in view of the upcoming Amazon Cooperation Treaty foreign ministers' conference to be held in Peru in December.

This forum, which will meet after four years at the Peruvian government's initiative, encompasses Bolivia, Brazil, Colombia, Peru, and Venezuela.

Tudela said that the main objective of this meeting is to "update" the treaty "on the basis of agreements achieved within the framework of the Rio de Janeiro summit on the environment and sustainable development."

He said that in addition, the foreign ministers conference will address proposals aimed at establishing the basis for an "effective" and "realistic" integration process of Amazon countries.

Tudela stated: "The issue in question is to adapt the Amazon Cooperation Treaty to new environmental policies on the basis of realistic criteria that will not halt development but, rather, promote it — but safeguarding the environment."

According to Tudela, Peru has proposed that Amazon countries coordinate and strengthen their elementary school systems in the region within the framework of the environment that surrounds the people that inhabit it.

It also proposes to strengthen "physical integration mechanisms" of Amazon countries.

Tudela also said that Peru is not willing to repeat the same situation it experienced in 1986 when ecology groups exerted pressure to halt the exploitation of an important natural gas deposit in the Peruvian Amazon region.

After Brazil, Peru has the second largest Amazon territory within its borders.

After stating that in the last few decades Peru and Brazil "have supported each other in a round-about fashion," Tudela said that the Peruvian Government is determined to strengthen its political and economic ties with Brazil.

He stated, in this regard, that Peru aspires to become a "revolving platform," interconnecting countries on the Atlantic — Brazil among them — with countries on the Pacific rim.

In view if this, he said, the Peruvian Government is building a road network that will unite the southern coast of Peru with Bolivia and the southern region of Brazil, "the most developed and industrialized region of that country."

This effort is supported by the Bolivian and Paraguayan Governments which are taking part in an additional project that seeks to build a waterway network through which Peru hopes to export its products to the Atlantic.

Uruguay

Drug Prevention, Enforcement Accord Signed With Venezuela

PY0911143795 Madrid EFE in Spanish
2348 GMT 8 Nov 95

[FBIS Translated Text] Montevideo, 8 Nov (EFE) — Uruguayan Foreign Minister Alvaro Ramos and his Venezuelan counterpart Miguel Angel Burelli today signed a cooperation agreement on the prevention, control, and repression of the illegal peddling of drugs and psychotropic substances.

The document states that drug enforcement comes within the orbit of collective responsibility of all states

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that requires a joint action within the framework of bilateral and multilateral cooperation.

"Having determined that they will work in close cooperation" to achieve the objectives they have set forth, the Uruguayan and Venezuelan Governments resolved to establish a mixed commission comprising representatives from both countries.

The main task to be undertaken by this commission will be that of coordinating endeavors and — pursuant to the respective domestic legal regulations — of putting into practice the commitments assumed by the agreement.

Uruguay and Venezuela have decided to exchange information on drug-trafficking prevention. Moreover, they committed themselves to devise and establish efficacious legal mechanisms for bilateral cooperation in criminal matters.

They have also pledged to study, through the appropriate agencies, the prevention of drug use, treatment, and rehabilitation of drug addicts, and to adopt the necessary measures to honor this agreement.

The mixed commission, which will meet alternatively in Montevideo and Caracas, will have to write a report every two years discussing the progress of this agreement.

President Leaves For Paris To Take Part in UNESCO Jubilee

PY1411164895 Madrid EFE in Spanish 2149 GMT 13 Nov 95

[FBIS Translated Text] Montevideo, 13 Nov (EFE) — Uruguayan President Julio Maria Sanguinetti today left for Paris to participate in the 50th UNESCO anniversary and to sign an agreement with a French car manufacturer.

While in Paris, Sanguinetti will meet French President Jacques Chirac and former President Francois Mitterrand. The Uruguayan president will go on 17 November to Brussels to meet European Commission leaders. The European Commission is the executive branch of the EU.

Sanguinetti is accompanied by his wife, Marta Canessa, and Uruguayan Foreign Minister Alvaro Ramos. He will address a jubilee ceremony scheduled for 16 November at the UNESCO headquarters. South African President Nelson Mandela and Nobel Peace Prize winner Rigoberta Mencu [from Guatemala], among others, are also scheduled to speak at the ceremony.

At the UNESCO headquarters, Sanguinetti will also meet UNESCO Director General Federico Mayor Zaragoza and participate in a ceremony to declare the old part of the Uruguayan city of Colonia de Sacramento, on the River Plate opposite Buenos Aires, the property of Mankind.

The Uruguayan president will use the initial days of his visit to the French capital for a number of activities including a visit to a news agency and an exhibit of the works of painter Paul Cezanne, and to sign an agreement with the Citroen car manufacturer. The contents of the agreement have not been officially disclosed, but it is believed it foresees Citroen's entry into the Uruguayan market.

Sanguinetti will go on 17 November to Brussels, where he will meet the ambassadors from the four Common Market of the South (Mercosur) countries — Argentina, Brazil, Paraguay, and Uruguay — to the EU.

Sanguinetti, the Mercosur "pro tempore" president until 31 December, will sign in mid-December a framework cooperation agreement between the Mercosur and the EU in Madrid. He will meet with European Commission Chairman Jacques Santer and European Commission Deputy Chairman Manuel Marin.

Sanguinetti will return to Montevideo on 17 November.

Venezuela

Cuban Foreign Minister Arrives on Official Visit

PA1411152795 Caracas Venezolana de Television Network in Spanish 1545 GMT 13 Nov 95

[Report by Franklin Villasmil — passages within quotation marks recorded]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina, who arrived yesterday for an official five-day visit, will hold a meeting with President Rafael Caldera today. The foreign minister was received at Simon Bolivar International Airport by Foreign Ministry officials and the Venezuelan Ambassador to Cuba and the Cuban Ambassador to Venezuela, Gonzalo Garcia Bustillo and German Sanchez Otero, respectively.

During a brief news conference Robaina explained the reason for his visit to Venezuela.

[Robaina] "There is no priority more important for us, in our diplomatic relations, than the ones which seek to solve our respective problems. Therefore, our program calls for brief contacts with all sectors of Venezuela'sn economic, social, and political life for a firsthand knowledge of the Venezuelan reality and to explain the possibilities and scenarios of the situation that currently prevails in Cuba."

Robaina announced that Venezuela and Cuba will sign two agreements for bilateral exchange and cooperation,

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one in the tourism sector and the other on tariffs. He also brought three proposals to handle the debt Cuba has with our country.

[Robaina] "Cuba does not have the necessary liquidity to pay the debt, which totals approximately 40 million [currency not specified], but we certainly have the necessary creativity to find — as we have with other countries — solutions that allow us to settle the issue. I am sure the Venezuelan economic society, businessmen, people, and government will be interested in this. I believe it is an important issue."

The Cuban foreign minister will also meet with representatives of the Venezuelan Workers Confederation, the Venezuelan Federation of Associations and Chambers of Commerce and Industry, and other national organizations.

Pact With Colombia Calls For Military Presence on Border

PA1411163395 Caracas Venezolana de Television Network in Spanish 0200 GMT 11 Nov 95

[FBIS Translated Text] In a joint declaration signed by their defense ministers, Colombia and Venezuela pledged to strengthen their military presence in their common border to deal with the problems that daily appear in the region. In the document, Colombian Defense Minister Juan Carlos Esguerra and Venezuelan Defense Minister Moises Orozco Graterol pledged to accept the results of the evaluation of the binational foreign relations and justice commission on the incidents in the Perija mountain range in October. From now on, the struggle against crime will be planned and subject to international law provisions.

Prior to signing the declaration, the Colombian defense minister visited Miraflores Palace to discuss the topic with President Rafael Caldera. He used the opportunity to reject the statement of the director of the Santa Fe de Bogota newspaper LA PRENSA who said the Venezuelan Armed Forces are corrupt.

[Begin recording] [Esguerra] It is a personal opinion which, of course, is not the opinion of the government and which has nothing to do with Colombia's official position.

[Unidentified reporter] What is Colombia's official position?

[Esguerra] One of respect for the military forces of other countries and of respect for the position of other countries. [end recording]

As for the kidnapping of the Guasdualito mayor, Minister Orozco Graterol confirmed he is already in Venezuela and providing details of his kidnapping to the authorities.

[Begin Orozco recording] So far the information given by the Guasdualito mayor is that he was kidnapped by a guerrilla column of the Domingo Lain Front, which is the front that executed the marine in Cararabo. Those same guerrillas turned over the Guasdualito mayor to the health commissioner so that his life would be protected and they would not be blamed for any harm if an incident were to occur. [end recording]

Visiting IMF Mission Urges Changes in Currency Policy

PA1411230395 Caracas Venezolana de Television Network in Spanish 1545 GMT 14 Nov 95

[FBIS Translated Text] In the first working meeting of the International Monetary Fund [IMF] with Venezuelan authorities, the multilateral organization has demanded swiftness in adjusting currency exchange policies, but the government says it will not do so without compensating salaries.

While leaving a meeting with the IMF technical mission held in the Central Bank of Venezuela [BCV], Cordiplan [Office of Coordination and Planning] Minister Edgar Paredes Pizzani said that IMF Mission Coordinator Carlos Muniz reviewed the 20 items [preceding word in English] discussed as part of economic policy. Paredes Pizzani added that the government stressed the need for multilateral organizations to back with priority financial system rehabilitation projects and reforms to the social security system.

[Begin Paredes Pizzani recording] With priority and urgency we are discussing multilateral organizations' aid to the social security and financial systems, with the understanding that the program requires simultaneous macroeconomic adjustments and social compensations. [end recording]

Venezuelan Petroleum Inc. President Luis Giusti expressed optimism that Venezuela and the IMF will arrive at a satisfactory agreement.

[Begin Giusti recording] There is great confidence that an agreement will be reached with the IMF that will bring the macroeconomic stability that the country needs. To this we must add the strength the oil sector already has, which has been more than confirmed by financial institutions, entrepreneurs, and investors. I therefore feel that the overall balance was very positive. [end recording]

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Foreign Minister Views Relations With Colombia

PA1011234295 Caracas EL UNIVERSAL in Spanish 5 Nov 95 p 1-12

[Report by Clodovaldo Hernandez]

[FBIS Translated Text] We want to resume the demarcation no matter what the cost, Foreign Affairs Minister Miguel Angel Burelli Rivas said yesterday in a news conference to report on Friday's meeting with Colombian President Ernesto Samper, in Santa Fe de Bogota.

We know that border demarcation work is very expensive, especially in such a wild area with bad weather, but we believe that the incidents that take place because of the lack of border markers are, in the long run, more expensive, he said.

Increasing the amount of border markers [la densificacion de los hitos] will be up to the negotiating commission that has just met in Miami, but Colombia's Sovereignty Directorate [Direccion de Soberania de Colombia] and Venezuela's Border Directorate [Direccion de Fronteras de Venezuela] will both take part in this work at the actual site.

The temperature at the highest point of the mountain range is minus two degrees. The border markers must be built with very strong materials, and they are not easy to make. Transporting materials by helicopters is expensive and the area cannot be reached every day.

That is why both sides, at one time, stopped the work, Burelli Rivas said to explain the difficulties of the pending work.

Possible Indemnification

The foreign minister said that Venezuela could request, in due course, an indemnification for the ecological damage caused by poppy growers in the Perija mountain range.

That mountain range is bigger than the three Andean states put together. It covers 30,000 square km and the national park comprises more than 500,000 hectares.

A fifth of that has been deforested by loggers and poppy farmers, who chop down trees to plant their crops.

He stated that poppy production was a "tremendous fact." According to reports, 1,000 hectares in the Perija Mountain Range could be planted with poppies, the raw material for heroin.

To be sure, these fields are not located alongside each other, because the poppy farmers plant in small areas to avoid air surveillance — explained the foreign minister, who voiced his willingness to accept the Colombian authorities' offer to provide advisory services on the destruction of these crops. If technical assistance to fumigate the poppies is necessary, we will use it. We can appeal to them because, fortunately, we are pretty ignorant of that matter.

Burelli Rivas, who returned late Friday night to Caracas, warned that "we would be babes-in-arms if we were to believe that there are not going to be any more incidents on a border as vast and active as ours."

He affirmed, however, that every time one of these incidents occurs the diplomatic authorities of the two countries will respond with an agreement intended to put an stop to them for good. "The important thing is not to go berserk over these incidents. This also happens between Sweden and Denmark, between the United States and Canada. With regard to the fishing boat incidents, our boats have been seized over there and theirs have been seized here. The only difference is that Colombia charges a $12,000 fine, and we, $50. We will have to equate the rates," he remarked ironically. In Burelli Rivas' opinion, all those incidents are minor compared to the unshakable friendship between the two countries and the strength of trade relations.

For the businessmen of the two countries, these incidents do not exist, because the flow of the economic activity is of such magnitude and interest that they do not even notice them. Nothing is more precious to Venezuela than its relations with Colombia. I imagine the same thing happens in Colombia.

Regarding the outcome of the case of the peasant found dead and mutilated, the foreign minister noted that the joint commission of foreign and justice ministers will have to clarify that case and other aspects of the recent incidents following the signing of the agreement.

Neither Colombia nor we know exactly the circumstances of that man's death. As President Rafael Caldera said in New York, that is not the way the Venezuelan Armed Forces act. Beheading and cutting off a man's hands and feet is what Colombian guerrillas do. He could be the victim of a vendetta in that place where shady forces operate. We do not even have a clear autopsy.

We are highly concerned over what may happen in Colombia. All we can offer is our strongest solidarity for its suffering. Nothing that can happen to Colombia can be of indifference to us, Burelli Rivas said in reply to a question regarding the climate he perceived during the funeral of slain political leader Alvaro Gomez Hurtado.

As for the possibility that the Colombian political crisis may prompt the ouster of Colombian President Ernesto Samper, he said: "That is a scenario that we cannot discuss, as it would entail meddling in something

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that does not fall within our purview. The destiny of Colombia is exclusively in the hands of the people of Colombia. We limit ourselves to expressing the desire that it can once again overcome many of the problems that are afflicting it.

Burelli Rivas took advantage of the opportunity to explain his views regarding the responsibility of the news media over the way it has handled the incidents that have taken place on the border.

I have been misinterpreted, he affirmed. When I say that the news media exaggerate the incidents, what I mean to say is that 90 percent of the problems are handled through diplomatic channels without anybody's hearing about it. When the news media get involved, the interpretations and political pressures by the people emerge and the tone varies.

He added that in no way did he mean to affix any responsibility on anyone. "Thank God, we have news media and democracy and everybody is informed."

When it was pointed out to him that in many instances the facts are exaggerated because of the existence of spokesmen parallel to the government — such as the military — who use a less diplomatic tone, Burelli Rivas said "the natural, sole, and constitutional spokesman is the Foreign Ministry."

He recalled that the Constitution gives the president the power to direct international affairs, and he entrusts the Foreign Ministry with the responsibility of handling diplomacy.

Ours is the valid voice. We have excellent relations with the military, particularly with the current defense minister, but since they are the first to detect the problem, they are often interviewed by reporters, and they reply in good faith. Henceforth, however, and to the extent possible, we will give all the information. We are part of the same thing. They provide us information, because they are in the field and we are not, he said.

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